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FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Egypt, Syria plan to unite

Presidents Sadat of Egypt and Assad of Syria have decided to merge their countries, taking the first step by establishing a unified political command.

The decision consolidates the reconciliation of Egypt and Syria after nearly three years of bitter recrimination and advances the Arab drive towards achieving a Middle East peace settlement next year.

Mr. Ismail Fahmy, Egyptian Foreign Minister, said in Cairo yesterday that it would be some time before the merger took place. First, the form of unity would have to be worked out. Back Page. Lebanon peace force action, Page 4, Editorial Comment, Page 12

Miners to reopen retirement talks

The National Union of Mineworkers is to reopen talks on its demands for early retirement with the National Coal Board on January 5. The talks will be held against the background of the mandate for industrial action which resulted from the recent ballot. Back Page

Britain discounts fishing fracas

British Ministers are confident there will be no free-for-all in EEC fishing grounds after January 1 despite failure by the EEC Council of Ministers to agree on an interim share-out of the catch inside 200 mile limits. Humberside trawler ports yesterday asked Mr. Callaghan to meet a deputation for urgent talks. Page 5. Parliament, Page 10

Oil threat to Cape Cod fish

Fishing grounds off Cape Cod are threatened by oil which was spilling yesterday at the rate of ... gallons an hour from the Liberian tanker Argo Merchant, ...743 tons, which lies grounded off Nantucket, Massachusetts. Page 6

U.S. Defence Secretary named

Dr. Harold Brown, 49, head of the California Institute of Technology, and a former Air Force Secretary under President Johnson, has been picked by Mr. Jimmy Carter as Defence Secretary. Mrs. Patricia Roberts Harris, a black lawyer, is to be Housing and Urban Development Secretary, while Dr. Ray Marshall of the University of Texas will become Labour Secretary. Back Page

Rhodesia tense

Tension along Rhodesia's western and north-western borders increased yesterday and there was a further exchange of fire across the Zambian border. Rhodesia ...in accused Botswana of providing sanctuary to guerillas ...ection to murder of blacks, Page 4

...ow the coal car

...car engine running on ...dered coal, has been developed by Owen Power Industries ... California. The company ...ms that the engine is at least ...e times as efficient as a ...ol engine, non-polluting and ...ost silent.

Savundra dies

Emil Savundra, former head ...ire, Auto and Marine Insur..., who was jailed for eight ...s in 1968 for his part in a ...d which left thousands of ...orists without cover has died. ...was 53. Page 8

Briefly ...

...oach carrying handicapped ...iren plunged into the Rhone ... Lyons, France, last night, ...ng 13 children and injuring ...rs.

...ellers using London's Gat... Airport will be affected by ...ricted British Rail Christmas ...ngements. Page 8

... of four prisoners who ...ped from a prison escort on ...day were recaptured at Llan...rog near Camarthen last ...t.

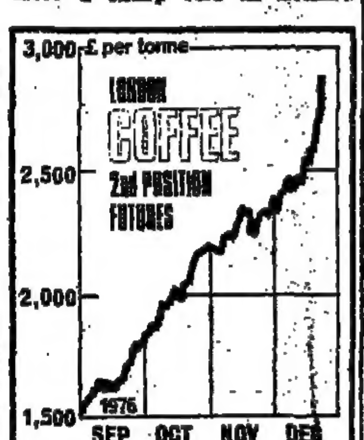
BUSINESS

Equities at 337.8; long tap exhausted

● EQUITIES moved narrowly. The FT 30-share index added 0.3 at 337.8. Because of a miscalculation on Friday at 10 a.m., the index figures for Friday and Monday were wrong. We apologise for any inconvenience caused. The corrected figures are published at the end of the Stock Exchange Report. Page 20

● GILTS were active. The long tap, Treasury 15½ per cent., 1998, A, was exhausted eight days after dealings began. Gains in longs ranged to ½, while many shorts improved by ⅛. Government Securities Index rose 0.28 to 59.46. Back Page

● LONDON COFFEE prices broke into further high ground after a sharp rise in Brazil's



export tax. The March position closed £173.50 higher at £2,886.50 a tonne. Page 10

● STERLING slipped 10 points to $1.6605. Its 44.7 per cent. weighted depreciation was unchanged. Dollar's narrowed to 1.28 (1.33).

● GOLD rose $1¼ to $133¾.

● WALL STREET gained 5.98 to close at 978.39.

● U.S. TREASURY Bill rates: Threes 4.25 (4.36) per cent.; sixes 4.46 (4.508).

Leyland launches Japan sales bid

● LEYLAND CARS has signed a new joint venture agreement with Mitsui, the Japanese trading company, which will take over as its local distributors. Leyland plans to build up its dealer network and boost sales in Japan Page 4

● TYNE and Wear County Council has been given Government approval for completion of its £176m. rapid transit metro system, incorporating British Rail lines and new track, some underground. Page 8

● MALLORY and Ever Ready, the dry battery makers, have accepted suggestions from the Monopolies Commission, aimed at curbing their profits Page 10

● CHEVRON and Santa Fe have agreed to outline terms for State involvement in their North Sea oilfields. Page 7

● MR. JAMES WOLFENSOHN, deputy chairman and chief executive of Schroders, the City merchant banking group, is to join Salmon Bros. on February 1, as head of the investment banking company's New York and international corporate finance activities.

● GRANADA GROUP pre-tax profits advanced by £3.95m. to a record £18.15m. for the 53 weeks to October 2. Page 14 and Lex

● VOLKSWAGEN'S 1976 results will reveal a turnround to an after-tax profit of about DM700m. (£175m.), cancelling out losses from the two previous years of DM693m. Page 17

● TRAFALGAR HOUSE is making an agreed takeover bid for Direct Spanish Telegraph, which values the investment trust's shares at 57.66p each. Hanson Trust is bidding 122p in cash for the 74.9 per cent. of Whitecroft which it does not own. Page 15

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

...s. 8¼pc '80-82	£81⅞	+ ⅞
...s. 15¼pc 1998 A	£99⅞	+ ⅞
...tanders Discount	200	+ 10
...y (J.)	97	+ 5
...rne Hollingsworth	50	+ 6
...rchbury Estates	144	+ 6
...per Inds.	10½	+ 1½
...ct Spanish Tel.	53	+ 6
...view Estates	26	+ 4
...ness Withy	195	+ 6
...shalls (Halifax)	67	+ 5
...s International	114	+ 6
...rolle Parsons	121	+ 4
... (Oliver)	3½	+ ½
...th (W. H.) A	314	+ 6
...a Electronic	63	+ 4
United Newspapers	180	+ 8
Whitecroft	129	+ 40
Buffelsfontein	620	+ 20
Kloof Gold	335	+ 10
Malayan Tin	220	+ 7
Randfontein Estates	£22⅞	+ ¼
Southern Kinta	80	+ 5
Welkom	145	+ 15

FALLS

Enalon Plastics	45	− 5
Hanson Trust	106	− 5
Ladbroke	92	− 4
TCK	30	− 4
Unilever	422	− 6
Anglo-American	224	− 6
MIM	210	− 8
Middle Wits	200	− 10
St. Piran	56	− 7
Western Minnig	139	− 5
Whim Creek	95	− 10

Prentice quits and accuses Cabinet of 'shirking' issues

BY RICHARD EVANS, LOBBY EDITOR

Mr. Reg Prentice, after resigning from the Cabinet as Minister for Overseas Development yesterday, marked his return to the backbenches with a sensational Commons attack on the drift of the Government and its appeasement of unions.

To the embarrassment of Labour MPs and the delight of the Tories, he accused the Cabinet of "shirking" the real political issues facing the country by making the wrong decisions on public spending cuts and by introducing irrelevant measures, including nationalisation and devolution.

It was a forthright speech that underlined Mr. Prentice's growing disenchantment with Government policies and with the Leftward trend in the Labour Party which has made his resignation inevitable in the view of his close colleagues.

But to the intense relief of the Prime Minister, the maverick Mr. Prentice has no intention of resigning his seat at Newham North East in the foreseeable future, even though he has been disowned by the local party.

Had he forced a bye-election and stood as an Independent Labour candidate against the official—and presumably Left-wing—candidate, the Labour Party could have been torn apart by the conflict.

If, as seems probable, he fails to secure the official nomination at Newham, Mr. Prentice seems certain to stand as an Independent at the next General Election, just as Mr. Dick Taverne did at Lincoln.

The initial impact of the resignation—delayed for a week by Mr. Prentice so that it would not be assumed overseas that he had quit simply because of the Chancellor's economic package—should not be great.

Any Cabinet resignation is clearly unwelcome to a Prime Minister at a time when the Government is under siege in Parliament and party morale is low, but Mr. Prentice's move has been on the cards for some months.

Although MPs respect his courage and his forthrightness, he has become something of an embarrassment to his colleagues because of his abrasiveness and lack of political finesse, and he has no personal following at Westminster of any significance.

His job as Minister of Overseas Development will be taken by his deputy, Mr. Frank Judd, who will not have a seat in the Cabinet.

Mr. Prentice retained his Cabinet place on a personal basis and largely because of the influence of Mr. Roy Jenkins. Mr. Judd's salary will be £9,500 a year and no deputy will be appointed for the time being.

Coolness

Mr. Callaghan has long regarded Mr. Prentice as his most difficult Cabinet colleague but the Prime Minister insisted, in the Commons, that he had not been sacked.

"He does not have to leave office. He can choose for himself whether he wishes to stay or not," Mr. Callaghan declared.

But the coolness between the two showed clearly in the Prime Minister's reply to the resignation letter in which Mr. Prentice had spelled out his reasons for going, including the Government's general drift, details of the public spending cuts and as "the last straw" the Cabinet decision to hold referenda in Scotland and Wales next year on the devolution issue.

In his reply, Mr. Callaghan commented tersely: "I am not surprised by your decision as you have, step by step, steadily dissociated yourself from the Labour movement."

He went on to dissociate himself from Mr. Prentice's views on recent Cabinet decisions and the way they had been reached.

"We have governed in the interest of Britain as a whole," Mr. Callaghan insisted.

The Government regarded as essential the counter-inflation policy, the industrial strategy and the maintenance of the social contract.

In his letter, Mr. Prentice said that his underlying reason for going could be summed up in one word—drift.

The poor performance of Britain during the last 30 years had taken the form of a steady drift downhill and Governments of both parties had been to blame, as had the leaders of both sides of industry and many other people.

He had become more and more convinced that this trend had to be reversed by a stronger and more decisive Government but this had not taken place and he had been forced to the conclusion that he should leave office and develop his criticism from the backbenches.

After considering the best time to resign, he had seen, as the last straw, the decision concerning referenda which had finally convinced him that he could not support the Government.

He forecast that the devolution legislation would do grave damage to the future unity of Britain if it ever became law.

Parliament, Page 10

OPEC considers emergency meetimg

By Kathleen Bishtawi

DUBAI, Dec. 21.

AN EMERGENCY meeting of the Organisation of Petroleum Exporting Countries is likely to be called early next year, according to officials in three Gulf states.

This follows an intensive round of behind-the-scenes consultations between member states of OPEC following last week's major split in the organisation when Saudi Arabia and the United Arab Emirates refused to go along with the majority and increase their prices by 15 per cent. Both Saudi Arabia and the UAE said they will put up their prices by 5 per cent.

Several oil states, notably Iran, have since been bitterly critical of Saudi Arabia for splitting the oil cartel and the meeting which

Yamani rules out rise in production, Page 4
EEC crisis plan, Back Page

some states are now urging is seen by officials as an effort to prevent the collapse of the organisation.

An emergency meeting will probably be delayed for a few weeks partly because if one is called too soon it will highlight the acrimony between member states. But an official in Abu Dhabi said: "This situation cannot continue. It is confusing for consumers and producers alike. It might also be very damaging to OPEC."

In Kuwait, a Ministry of Petroleum official confirmed that there was a distinct possibility of a meeting of OPEC within the next two months. "We are going to watch the market, but the situation should be cleared up by then."

Kuwait yesterday informed companies of the 10 per cent. increase as agreed at the Doha meeting.

The official pointed out that it takes only one OPEC member to call for an emergency meeting. Officially OPEC is not due to meet again until July.

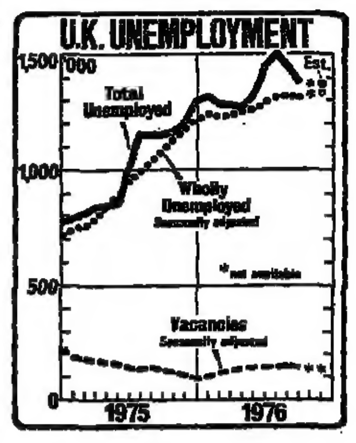
In Doha, the director of the Qatar Petroleum Ministry, Mr. Ali Jaidoh, who is to assume the post of OPEC secretary-general in the New Year, said that nothing could be officially confirmed yet. So far, no member state had approached him about the possibility of an emergency meeting, but he did not rule out a conference in the near future.

A crucial factor in the resolution of the split between the two groups of OPEC countries is the Saudi oil production policy. By expanding its production to full capacity Saudi Arabia could flood the market and prevent the other OPEC countries from maintaining their full 10 per cent. price increase on most of their grades of crude.

But Sheikh Yamani is reported to have said on Saudi television that Saudi Arabia would not sharply increase its production.

Unemployed estimated to be 1.33m.

BY PETER RIDDELL, ECONOMICS CORRESPONDENT



THE NUMBER of adults out of work in the U.K. is still rising steadily and stands at 1.33m. on a seasonally adjusted basis. This is 24,000 higher than two months ago and represents 5.6 per cent. of the adult workforce, according to a Department of Employment estimate published yesterday.

Unemployment has risen 155,000 in the last 12 months.

The total is based on returns or estimates from just over half the country. It is subject to a margin of error of 20,000 either way. It has been impossible to complete the full national count for the second month running because of an industrial dispute in the Department of Employment.

The overall unadjusted total in the U.K. has fallen 6,000 since the last count in October, according to yesterday's estimate. This is more than explained by a decline of 32,000 in the number of school leavers out of work to 51,000.

This means that three-quarters of the school leavers who were out of work in August have found jobs, though the total is still 16,000 higher than a year ago.

Smaller

But the indicated increase of 12,000 a month in the seasonally adjusted adult unemployment total since October contrasts to the fall of 13,100 in October and some non-Government hopes that there might be a slight pause in the rate of increase now.

Mr. Denis Healey, the Chancellor of the Exchequer, has said unemployment is likely to continue to rise in the coming year but has claimed the increase in 1977, though not in 1978, will be smaller than would have occurred without last week's economic measures.

Ministers have refused to give any estimate of the extent of the rise in the numbers out of work.

In the Commons yesterday, Mr. Healey pointed to the problems of making an accurate forecast; for example, the rise in the workforce, averaging 12,000 a month.

Some forecasters have projected a further substantial rise, but the National Institute has suggested there might be almost no increase in 1977 on a seasonally adjusted basis because of very low productivity growth as a result of pressures to spread work.

But a greater proportion of people out of work, notably women, are now registering, and this has pushed up the total.

Mr. Healey yesterday said the overall employment prospects were "very disturbing" but not "catastrophic."

The Department of Employment was yesterday unable to provide any figures for vacancies or the flow on and off the register. These provide a key guide to the underlying trend.

It did, however, say that since the spring, 1975, Budget more than £600m. had been committed to create or keep open 500,000 jobs or training places.

At the end of last week about £146m. had been approved to cover nearly 160,000 workers under the Temporary Employment Subsidy, with 3,867 applications approved for the Youth Employment Subsidy.

A total of £76m. has been committed for nearly 56,000 jobs under the job creation programme.

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FEATURES

ON OTHER PAGES

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New checks on investment currency dealings

BY MICHAEL BLANDEN

THE GOVERNMENT is tightening supervision of the exchange control rules governing dealings in the investment currency market.

The new measures follow recent incidents involving apparent evasion or fraud in relation to the exchange control rules and the investment currency premium.

They concern the role of about 40,000 authorised depositaries in the system. These include authorised banks, Stock Exchange members and solicitors practising in the U.K. An important part of the day-to-day responsibility for enforcing the rules is delegated to them.

The moves were announced yesterday in a written Parliamentary reply by Mr. Robert Sheldon, Financial Secretary to the Treasury.

They involve improving the Bank of England's system of monitoring the operations of the authorised depositaries and removal from one group of automatic appointment as authorised depositaries which they have enjoyed so far.

This group covers about 350 holders of a principal's licence for the purpose of the Prevention of Fraud (Investment) Acts—licensed securities dealers—and the relatively small number of members of the Association of Stock and Share Dealers. Unlike other authorised depositaries this group is subject to no professional disciplinary procedures.

Securities

From March 31 they will no longer be given automatic status as an authorised depositary. Some may be eligible for re-appointment.

Under the new monitoring arrangements the Bank will be able to make closer checks on those authorised depositaries, such as solicitors, who are not normally involved in day-to-day dealings in the market.

This will be achieved by returns to the Bank of sales of investment currency and foreign currency securities for sterling effected for authorised depositaries which fall into this class. The returns will be provided by the authorised depositaries through which such transactions pass, mainly stock exchange members and banks.

The Bank will make sample examinations of the records of dealers in investment currency to check the origin of dealing instructions and the premium-worthiness of the underlying securities.

It is issuing a memorandum describing the new arrangements and reminding the authorised depositaries of points they should bear in mind.

The changes are intended to improve control without losing the advantages of the present system. Under this the authorised depositaries are responsible for satisfying themselves whether securities or foreign currency qualify for the substantial premium which investment currency commands over the spot exchange rate.

£ in New York

—	Dec. 21	Previous
Spot	$1.6625-6635	$1.6805-6813
1 month	1.56-1.52 dis	1.64-1.59 dis
3 months	4.06-4.01 dis	4.10-4.05 dis
12 months	13.20-13.10 dis	13.35-13.25 dis

Freeze on telephone charges extended until 1978

BY KEVIN DONE, INDUSTRIAL STAFF

TELEPHONE charges are likely to remain frozen until spring 1978, the Post Office announced yesterday.

It has already promised to hold prices steady until July next year, but against a background of buoyant profitability in its telecommunications business, it has now extended the price freeze for a further eight months.

If it is not pushed off course by unexpected fluctuations in the economy, it expects to have held telecommunications charges steady for 2½ years.

Price restraint

Since the ending of the period of price restraint, begun by the last Tory Government, the Post Office more than doubled telephone charges in 1975. This led to profits of £154.7m. in telecommunications for the year 1975-76 compared with a loss of £194.5m. in the previous year.

This year that profit is expected to increase by some 115 per cent. to about £370m. But with a total income of £3.2bn. last year and net assets of about £5.4bn., such profits are not considered excessive either by the Post Office or by the Government.

With an annual investment programme for telecommunications now running in excess of

Sunday post plea, Page 8
Strike called over cuts, Page 9

£900m. the Post Office considers such profit levels of paramount importance if it is to move towards its aim of a self-financing ratio for investment of about 75 per cent.

The announcement is bound to cause resentment, however, among consumer organisations who were severely critical of the way its charges were raised so steeply in 1975.

The Post Office will enjoy the full benefits of last year's increased charges for the first time in the current financial year and it is clearly hoping that a prolonged period of price restraint will return the telecommunications business to the dynamic growth levels experienced before 1975.

It said last night that there were "good" prospects of avoiding telephone increases until March 31, 1978. At the beginning of January it is also cutting charges for most calls which customers cannot dial themselves, a move which will make more than 100m. calls a year cheaper.

Now possible

Having returned to profitability in 1975/76 after a three-year period of making consistent losses, it is now possible that the Post Office will again be given profit targets by the Government.

Such targets operated from 1968 to 1973 and were abandoned after the introduction of enforced price restraint. If they are now re-introduced it is felt that they will go some way to justifying the current high levels of telecommunications profits.

LOMBARD

Words that could do with a rest

BY SAMUEL BRITTAN

THE LAST thing one should ever do is to argue with the words people choose to use. The man on the Clapham omnibus is in complete accord with Ludwig Wittgenstein in believing that ordinary language is all right as it is; and that pundits should try to understand rather than improve the way people say things.

I found this out to my cost with a little book which came out some years ago entitled *Left or Right: The Bogus Dilemma*. This had the temerity to suggest that the rich variety of human attitudes could not be summed up by putting people like toy soldiers in positions on a single line. On this Stalin appears much nearer to Roy Jenkins than to Hitler, and Genghis Khan is a close relative of Keith Joseph. Inevitably people jumped to the conclusion that I wanted to ban Left and Right instead of urging just that less, and more discriminating use be made of them.

But there is one word which I really would be prepared to ban. This is "simplistic." It is not to be found in the two volumes of the Shorter Oxford Dictionary. The nearest to it is "simplist," one who studies herbals (archaic).

Simplistic is a word associated with people like Peter Walker and organisations such as the Greater London Young Conservatives. Indeed the first I remember of it was in the course of an attack by Mr. Walker on those who wanted to tackle inflation by controlling the money supply.

Falling body

What could "simplistic" mean? The law of gravity will not predict precisely the motion of a falling body in the atmosphere because it does not take friction into account. To neglect friction is neither simple nor simplistic, but just wrong, as wise men knew long before the vocal political anti-monetarists were even born. The actual doctrines of people like Milton Friedman (and there are many others even if they have not been heard of in Westminster or Fleet Street) about time lags between money and prices and deviations of unemployment from its natural rate may have many defects, but too simple they are not.

To revert to the gravity example: those who attack simplistic theories are not usually making a plea to allow for friction, but to neglect the law of gravity altogether. This no doubt is because the law of gravity is "unacceptable," another word which could do with a very long rest. Its provenance is again the anti-intellectual part of the centre right. (See how difficult it is to avoid Left and Right; but at least I tried to add a few adjectives.) It probably began with Mr. Heath's "unacceptable face of capitalism."

There is no sense in saying that something is unacceptable if you know no alternative to acceptance. For a long time a fall in living standards, made necessary by the 1973 oil price explosion, was regarded by the unions as unacceptable. The *coup de grace* to this usage was given by the Bank for International Settlements, in its 1975 Annual Report when it said that the unacceptable would have to be accepted, even in Britain. It was.

In the past

The mirror image of unacceptable is "inevitable." This is another conversation stopper. If somebody bothers to explain why he believes in, say, incomes policy or in the selective subsidy of investment with taxpayers' money, one can at least listen to his arguments. But if he merely says that they are inevitable and that their opponents are "living in the past," rational discussion comes to an end. What politicians or establishment industrialists who talk in this way really mean is "Look out. I am on the winning side." But to-day's winners may well be to-morrow's losers. History is littered with inevitable prophecies which have failed to materialise. Nothing is inevitable except death: and even this proposition is doubted by many, especially at this time of year.

The words so far mentioned are not a random collection. Those who use them are linked by certain political attitudes, which I tend to call "fashionable." But this too is an overworked stop-think term: and a small New Year gift is waiting for the reader who finds a better word for the attitudes in question. A Merry Christmas.

GARDENS TO-DAY

Plan now for next year's vegetables

BY ROBIN LANE FOX

THIS CHRISTMAS will find me in a planning mood. Perhaps you remember Henry in Northanger Abbey who "talked of foregrounds, distances and second distances: side-screens and perspectives, lights and shades"; and Catherine was so hopeful a scholar that when they gained the top of Beechen Cliff she voluntarily rejected the whole city of Bath as unworthy to take part of a landscape? I have yet to talk the females round to it, but I must do something about what has become my vegetable garden.

Since I began it, planning to hoard vegetables on a scale which would make Mrs. Thatcher look like Squirrel Nutkin, it has gone from bad to worse. When the drought broke I busied myself with the flowers because I prefer them. The weeds multiplied at the first drop of rain. It has hardly stopped raining or freezing since, so the weeds remain among my sad winter greens, looking greener than the brussels sprouts which hated the summer's dry weather. I wish, I thought the other day, that the whole patch would simply go away. It then occurred to me that I could make it do just that. A day with a bulldozer and it will look quite different.

Bulldozers, they predicted, are going to be a drug on the market in 1977; I end this year as I began it, in anticipation of an attack on the landscape which will correct its slopes, bury a heap of useless boulders and perhaps swamp the invasive Jerusalem artichoke which insists on coming up among the nearest rows of beans. If you want to grow it, be warned that once it is in, you will never root it out.

Struggling

My hope is that I can plan what will grow in each carefully limited corner and avoid the free-for-all which no doubt makes the best use of an allotment but which leaves the owner of too large plots struggling to keep a central space clean. After planning firm paths which know where they are going, borders of cut flowers in which I intend to grow Clarkia, Love-in-a-Mist, Annual Chrysanthemums and Rudbeckia, in case you think I miss the best things in life. I am left with two largish beds which ought to be productive but must be barricaded against weeds. I have decided to grow rhubarb.

We ought to pay more attention to rhubarb as a ground-cover. I mean that quite seriously, as one who has been trying to hunt down the red-purple leaved rhubarb, *Rheum Palmatum*, in nursery catalogues and failed to find a plant of it. All sold out, to owners of damp gardens, I hope, where there is a poor man's Gunnera, big-leafed and a rich red-purple, like a fine spinach, when its crumpled leaves emerge in spring time. Ordinary rhubarb is almost as good, and I have grown to look forward to each season's crop: black out a few plants under large clay pots, if you have them, and you will find that the stems are drawn up, pale and juicy, towards the light. Too few gardeners bother to box up a few roots and keep them in a garage or cool shed, where they sprout early in the spring. Rhubarb and cream is a welcome change soon after the New Year.

Sea-kale, of course, is to have a proper space to itself, perhaps among the cut-flowers where its clumps of grey leaves will look handsome out of season. The upturned flower-pot works wonders here, too. H. V. Roger Nurseries, of Pickering, Yorkshire, can supply young thongs, in case you are finding this fashionable vegetable hard to come by.

My plan is really quite simple. I want to mix a few flowers in with the vegetables, so I intend to mark off the limits of the rectangle with fruit trees, hedge it in with musk roses, especially the low pink felicia, sink a lesser rectangle in the middle in which I will grow vegetables and keep the perimeter for blackcurrants, alpine strawberries, sea-kale, globe artichoke Vert de Laon, rhubarb, raspberries and the prolific thornless blackberry grown on wires. I cannot recommend the latter too strongly even if it is short of flavour. Its crop is good for morale. I want to edge the middle with parsley, among other things, and am told that if you have difficulty raising it from seed, you should water the trench in which you sow it with a kettle of boiling water before you put the seeds in. A reader in Saffron Walden swears by this tip, although I can see no logic in it. It goes without saying that there will be asparagus in the middle section where the soil is sandy. There will also be French tarragon and the bulbous roots of the continental fennel, or finacchio, which can be raised quite simply from the good stock supplied by Miss Evetts from her herb farm at Hinstock, Market Drayton, Shropshire, the hunting ground of all sane herbalists.

First things, I have decided, must come first. In order to discover exactly what should come first, I have been studying encyclopaedias from the days when water cans were not made of plastic, wheelbarrows had wooden wheels and men would hoe for a day in a field of onions. Opinion is undivided: begin by bastard trenching.

Crucial art

Now you may think that bastard trenching was one reason why the gentry stayed on top for so long. It was practised in the years when we thought we were stable and is notably absent nowadays, even from alternative strategy. It is not, however, the digging of a trench into which you shove all the bastards in your life and pray that the lot of them will rot. It is the removal of the top spit when digging, in order to work manure into the second spit before digging the next row on top of it. It is the crucial art of vegetable gardening, and do not let a chemical seller talk you out of it. Give a man a load of manure nowadays, and he merely scatters it about, calling it a top-dressing, or forks it lightly into the ground so that the straw sticks out and gives him away. Enjoy your Christmas, perhaps in gardening weather, plan for next year's rhubarb and edible fennel; spare me a thought as I trench my bastards, and may we all never live through a hot dry summer again.

RACING BY DOMINIC WIG

Levaramoss is improvin

NO PROBLEMS are envisaged for to-day's Chepstow meeting, but early morning course inspections are planned for Towcester, where the intended nine-race card is due to start at 11.30; and for Catterick, where the ground is reported very testing.

It will be extremely disappointing if the Monmouthshire track falls yet another victim to the weather, for in addition to the Finale Junior Hurdle there are interesting events in the Terry Wogan and Newsboy Chases.

Nine of the 18 runners declared for the £3,000 Finale Junior Hurdle are previous winners, and although Bronson is likely to head the market, betting seems sure to take a wide range, with the possibility of any one from half-a-dozen winding up as favourite.

My idea of the likely winner is that well-bred recruit to hurdling, Staff Ingham's *Levaramoss*.

A 12-length winner from Gimri at Kempton on his debut, where he was returned at 20 to 1, Levaramoss underlined the value of that form in stiffer company at Newbury towards the end of last month, defeating Helnan by six lengths in a division of the Freshman's Hurdle.

If, as I believe, the Epsom three-year-old is improving all the time, to-day's task could be within his reach.

In a wide open event I take Levaramoss to score at the chief expense of the possibly under-rated *Rushmere*, whose companion Tiepolino w race a year ago before up an outstanding perf at Windsor. There he f the minimum distance cede 20 lb. to Christmas

Terry Wogan, whos racing bulletin on Radi become one of the high his morning programme listeners, will be on hand sent the trophy after the chase bearing his name.

Eleven experienced cappers line up for this event, which is likely to almost unlimited stami here again finding the may not be easy.

Flying Orchid, a hurdler who has taken the bigger obstacles, did his seasonal debut, runn fitter Peter Scott to eight in Leicester's Long Hurdle, and with no doub his stamina he is my se

Accord, a five-length over Exhibit B at Sandow this month, is just prefe another recent winner, *Pastures*, in the Newsboy *Escapologist* is taken to up his three-length Wolve ton victory over Another the 25-runner Carlton Hu

CHEPSTOW

12.45—Blameless Stall
1.15—Romping to Wo
1.45—Levaramoss**
2.15—Flying Orchid**
2.45—Accord*
3.15—Escapologist

Previn wins damages

CONDUCTOR AND composer Andre Previn yesterday received damages, which he is donating to charity, over a Private Eye article criticising a performance he never gave.

Mr. Alec Grant, his counsel, told Mr. Justice O'Connor in the High Court that the magazine reported that Mr. Previn did not know the score of Tchaikovsky's Sixth Symphony when he conducted the Philadelphia Orchestra earlier this year.

The performance, Private Eye alleged, was thought appalling by many critics and was loudly booed by the audience.

"There was never any such performance," said Mr. Grant.

"Mr. Previn has not conducted the Philadelphia Orchestra this year and has never conducted it in a performance of Tchaikovsky's Sixth Symphony."

Mr. Previn accepted the damages, and costs, in settlement of his libel action against Private Eye, publishers Pressdram, S. W. Litho (Printers), and editor Richard Ingrams.

Mr. Grant said the defendants now realised there was no foundation for the report.

Mr. Desmond Browne, for Private Eye, said they regretted the report was ever published.

SNOW REPORTS

	Depth (cms.) L	U	State of Piste	Weather	°C
Adelboden	40	70	Pwdr.	Sun	-8
Anzere	70	150	Pwdr.	Sun	0
Adelboden	40	70	Pwdr.	Sun	8
Braunwald	70	110	Hard	Cloud	1
Chateau d'Oex	50	100	Pwdr.	Sun	-5
Crans / Montana	100	150	Pwdr.	Sun	-7
Davos	60	120	Pwdr.	Cloud	-7
Disentis	20	150	Pwdr.	Cloud	+2
Flims	20	50	Pwdr.	Sun	-8
Grindelwald	40	80	Pwdr.	Sun	-4
Gstaad	40	60	Pwdr.	Sun	-5
Kandersteg	60	110	Pwdr.	Sun	-6
Klosters	100	130	Pwdr.	Sun	6
Lenk	40	100	Pwdr.	Cloud	-7
Lenzerheide	30	150	Pwdr.	Sun	-5
Les Diablerets	30	100	Pwdr.	Sun	-4
Leysin	50	100	Pwdr.	S	
Morgins	50	160	Pwdr.	C	
Muerren	85	100	Pwdr.	S	
Pontresina	40	100	Pwdr.	C	
Saanenmoeser	50	120	Pwdr.	S	
Savognin	30	80	Pwdr.	S	
St.-Drgue	25	60	Hard	C	
St. Moritz	50	50	Pwdr.	C	
Villars	30	130	Pwdr.	S	
Wengen	30	80	Pwdr.	S	
Wildhaus	60	140	Hard	S	
Zermatt	40	100	Pwdr.	S	

TV Radio

† indicates programme in black and white.

BBC 1

10.25 a.m. Magic Roundabout. 10.30 The Great Grape Ape Show. 10.50 Country Search. 11.10 Daffy Duck. †11.20 Flash Gordon. †11.35 "Tarzan's Desert Mystery," starring Johnny Weissmuller. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Fingerbobs. 2.00 "The Story of Gilbert and Sullivan," starring Robert Morley. 3.45 Yankee Doodle Cartoon. 3.53 Regional News (except London). 3.55 Play School visits a farm in Wetherby, Yorkshire. 4.20 The Wombles. 4.25 Jackanory. 4.40 Goober and the Ghost Chasers. 5.00 John Craven's Newsround. 5.10 The Winter Warrior by Martin Booth.

5.40 News.
5.55 Reporting England.
6.20 Nationwide.
6.50 "Grand Prix," starring James Garner, Yves Montand and Eva Marie Saint.
9.35 News.
10.00 The Liver Birds.
10.40 "The Signalman" (ghost story by Charles Dickens).
11.20 Harry O.
12.10 a.m. Weather Regional News.

All regions as BBC 1 except at the following times:

Wales—5.10 p.m. Taith Y Gwr Doeth. 5.30-5.40 Ar Ei Gefn. 5.55 Wales To-day. 6.20 Cartoon. 6.30-6.50 Heddiw. 10.40 Christmas on BBC Wales. 10.45 Berlioz: "Childhood of Christ" (a sacred trilogy) (simultaneous with Radio 4 Wales VHF only). 12.25 a.m. News and Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 12.10 a.m. News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 12.10 a.m. News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Look East (Norwich); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth).

BBC 2

10.35 a.m. Nai Zindagi Naya Jeevan.
11.00 Play School.
7.00 News on 2 Headlines.
7.05 A Christmas Carol (cartoon).
7.30 News on 2.
7.35 A Christmas Taste of Britain.
8.00 The Enthusiast: A celebration of John Betjeman.
8.55 Phantasmagoria: "Horizon" presents a nostalgic, colourful Christmas entertainment.
9.25 The Glittering Prizes.
10.40 Sounds of Christmas with the Salvation Army.
11.10 Late News on 2.
11.20 The Lady of Camellias, part 2.
12.10 a.m. Closedown: Paul Scofield reads "The Keeper of the Mid-night Gate," by George MacKay Brown.

LONDON

9.30 a.m. Cartoon Time. 9.35 "Ruddigore" (animated Gilbert and Sullivan). 10.30 "One Of Our Spies is Missing," starring Robert Vaughn and David McCallum. 12.00 Here Comes Mumfie. 12.10 p.m. Pipkins. 12.30 Mr. and Mrs. 1.00 News plus FT index. 1.20 To-day's Post. 1.30 Crown Court. 2.00 Good Afternoon. 2.25 The Canterville Ghost. 3.20 About Britain. 3.50 Emmerdale Farm. 4.20 The Sooty Show. 4.45 Pop Quest. 5.15 London Scene. 5.30 Sportscene.

5.45 News.
6.00 To-day.
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 Wednesday at Eight.
9.00 The Streets of San Francisco.
10.00 News.
10.30 The Wednesday Special—St. Nicolas: Cantata Op. 42 by Benjamin Britten, words by Eric Crozier.
11.30 Banacek.
12.50 a.m. Christmas Pie.

All ITV regions as London except at the following times:

ANGLIA

ATV MIDLANDS

BORDER

CHANNEL

GRAMPIAN

GRANADA

HTV

Do You Know Enough About Sex to Write A Book About It?

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.20 Miri Mawr. 4.35-4.45 Un Tro. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West. 6.15-6.30 Report West.

SCOTTISH

SOUTHERN

TYNE TEES

ULSTER

WESTWARD

YORKSHIRE

RADIO 1

RADIO 2 1,500m and VHF

RADIO 4 434m, 330m, 285m and VHF

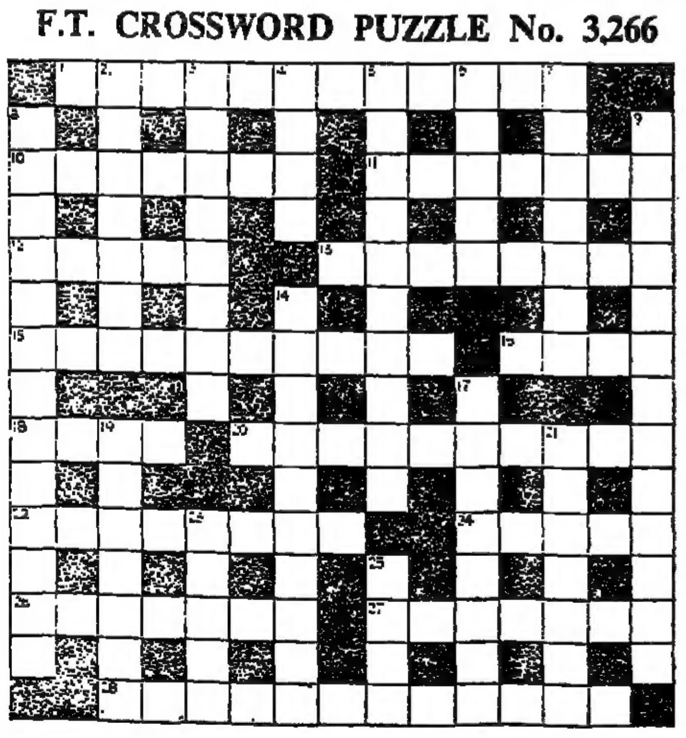
RADIO 3 464m, Stereo & VHF

BBC Radio London

London Broadcasting

Capital Radio

F.T. CROSSWORD PUZZLE No. 3,266



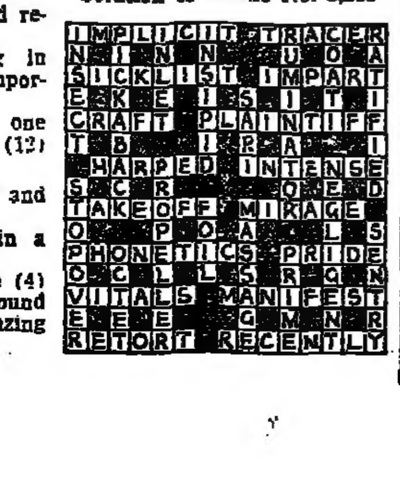
ACROSS

1 Utensil in kitchen aboard—in which pins are dropped? (7-5)
10 This sum must be changed for a strip of land (7)
11 Trampled down this to be oppressed (7)
12 Feeble-minded person right in a satellite (5)
13 Healing church dignitary about four (8)
15 Knight's had everybody hiding something deadly (10)
16 Cut down on church work (4)
18 Return old cloth to bishop for clothing (4)
20 Ran with little sister in race or one part of circuit (10)
22 Game to fight against cover for strikers (8)
24 Sleep in it? It's not suitable! (5)
26 Ran back to reprove and recount events (7)
27 Four or six appearing in court action of little importance (7)
28 Record speed, about one minute, and be selective (12)

DOWN

2 Rub goat the wrong way and be more bombastic (7)
3 It could be three-ply in a metal construction (8)
4 North-easterly way home (4)
5 A depth measurement around head of Thames is amazing (10)
6 A jester getting up for a brush in the bath (5)
7 Language used in country I'd dishonoured (7)
8 Malpractice by man taking a long time with others in mist (13)
9 Drunkenly in anger at cathedral (13)
14 Old driver has to cheer a rising inside (10)
17 A lot of soldiers involved in mathematical process (8)
19 Soldiers became exhausted and went to bed (7)
21 Artist's redesigned Russian emperor's supporter (7)
23 He's accepting notice from managers (5)
25 Stalk and stop a family (4)

Solution to Puzzle No. 3,265



ennetta Coehrane

Elidor

by MICHAEL COVENEY

spirit of seasonal good will ld not be enough to prompt w kind words about this al musical. And I doubt if pic blast of indiscriminate anthropy would, either. In , as adapted from Alan er's novel of the same name, or relates how a quartet of olchildren come in contact a sinister representative of Land of Darkness and help to free that unspecified erland from a tyrannous m.

is feat involves using their inations and thinking of hine, flowers and freedom. are also prophetically ned to achieve their goal, vering their likenesses ed on a ritual throne in a en castle. Much the *most* esting passage of Kevin C. iams's adaptation has the ic Malebron tell how that e, and the suburban church e the children first stumble on their adventure, were both shaken from their respective worlds when War battered the Cosmos.

But that connection is never developed, and, for the most part, we are treated to the unedifying sight of an agreeable *young* cast aping the microphone and choreographic manners of production-line pop stars: every number has its allocation of raised arms à la Bassey, physical echoes of the old hitchhiker pop routine and basic music-hall steps.

Dull, repetitive use is made of coloured lights and the much-abused strobe before the cast finally assemble to salute the arrival of Freedom after the unmagical sacrifice of a white, *furry unicorn*. Mr. Williams's music is less than special and only Bogdan Kominowski as the gravel-voiced Malebron suggests that, with better direction, he could have emerged with credit.

l Vic

Play Away

by CHRIS DUNKLEY

ay, I say, I say, what hap-d to the burglar who stole r of soap?

lon't know, what did happen e burglar who stole a bar ap?

made a clean getaway!

opeless! (Read it aloud.)

gs of that sort and a ingly endless supply of ock knock" jokes (Who's ? Amos. Amos who? A uito . . .) have kept BBC vision's *Play Away* series g for five years. Now the principals of the *Play Away* , Brian Cant and Toni ur, and *Play School* pre-r Carol Chell are appear-in a stage version, also d *Play Away*.

e *television series is in-*ed, presumably, for children een about six and about 12 most of the material in this seems to be aimed at much same level, though not quite f it. Not that it is full of t blue jokes like so many ern Christmas shows: be red that *Play Away* is as as the driven snow—in fact od deal purer than the snow was lying on the pavement we went.

vertheless it does have a lful of curiously unsuitable s among the euphorically re-ceived corny jokes. (What did the earwig say as he fell off a log? 'Ere we go.) For instance, one wonders who Ann Reay and Peter Charlton were aiming at (they are credited with having "devised" the show, whatever that means) when they decided to open with a skit about nihilist art and an action painter who cycles across her canvasses.

Topical in about 1956, it was meaningless to *my seven-year-old* son and his friend, up to the point where a policeman's face became covered in paste. That they appreciated.

The music hall numbers, such as "The Boy I Love is Up in the Gallery," left them cold, too, though they liked Brian Cant's performance as Aunt Jessie in *his enactment of* Wilma Horsbrugh's poem "Aunt Jessie's Hat," and they were delighted to leap up and down every time a word began with "b" while singing along with Jonathan Cohen and his band.

For a Christmas show it looks pretty budget-conscious, in production terms anyway, though expenses have run to radio mikes all round; a bit of feather bedding which seems a little surprising even for soft-voiced television performers since their theatre is, after all, the Old Vic and not the Theatre Royal.

zabeth Hall

Alfred Brendel

by DAVID MURRAY

the second instalment of ndel's current Beethoven athon, the "Appassionata" by a long way the most iliar sonata. One might expected it to be greeted he usual sort of audience-mur—anticipation, recogni-, relief—but it wasn't: some-g in Brendel's manner ests, correctly, that he will rehearse old tales in the l way, and anyway every-g in this singularly impres-recital was stirringly ex-ded.

endel's trick with the passionata" is to play it out Romantic hindsight: that o refuse it the operatic ex-iveness of a later genera-and to allow its power to , inexorably and overwhelm-, within its severely plined form. The loss of t *personal involvement* is gain: the final Allegro was raising, and its Presto coda ed with the force of an ming but strictly reasoned lusion. The sonata was ly formidable for having preceded by the gentle A-sonata op. 26, in which del spun a continuously ing line from one end *of* opening Variations to the r, expunged any hint of posity from the *Marcia Funebre*, and slipped through *the little Rondo with the utmost* graciousness.

Brendel made the sonata op. 14 no. 2 high comedy, discreetly pointed and Martini-dry. The generous programme culminated in an inspired reading of the E minor sonata, op. 90; Beethoven directs that it should be played *with vitality and expressive* feeling, qualities that are rarely reconciled in this work, which is commonly treated to a slightly wilting pathos. Brendel's resilient touch carried *plenty of energy*, but his hair-trigger quickness of response to each new phrase made the first movement seem more richly concise than ever, and breathlessly immediate. The Rondo theme returned with a fresh and strangely mournful edge every time.

This remarkably beautiful performance was followed by the early C major sonata op. 2 no. 3; a fine exuberant clatter in the Allegro, a wryly elegant Scherzo, and a delicious glitter in the Finale which Brendel himself seemed pardonably to relish. Brendel's pedagogical histrionics in live concerts are a telling *factor — not* an involuntary response to the music, but a sort of instructive pointing-up, quite conscious and positively helpful.

Charley's Aunt' and 'Romeo and Juliet' at the Young Vic

arley's Aunt, Denise Coffey's uction of Brandon Thomas's ic comedy mounted by the g Vic last Christmas returns a three-week season from day December 28 to January Nicky Henson comes back e Young Vic after a long nce to play the famous Aunt Brazil. The cast in-es Simon Chandler, Janine itski, Ian Gelder, Hugh ings, Sally Anne Newton, sha Pyne, Job Stewart, Ian or and Judy Wilson.

llowing *Charley's Aunt* the luction of *A Man For All ons by Robert Bolt* and espeare's *Antony and Cleo-a* return to the repertoire short season from January to February 16. Alfred Lynch repeats his performance as Sir Thomas More in *Man For All Seasons* directed by Stewart Trotter. Delphine Seyrig and Michael Graham Cox return to play Cleopatra and Antony in Frank Dunlop's production of Shakespeare's play.

The first new production of 1977 will be *Shakespeare's Romeo and Juliet*. Natasha Pyne is Juliet and Simon Chandler is Romeo. Denise Coffey directs the production which will be in modern dress and designed by Alix Stone. The cast includes Joan Heal as the Nurse, David Henry as Mercutio and *Chris* Tranchell as Friar Lawrence.

Romeo and Juliet opens on February 24 with previews from February 18.

Robin Martin, Neil Caplan and Lindsay Kemp in 'Mr. Punch's Pantomime,' which opened last night at the Round House

Television

Escapism

by CHRIS DUNKLEY

The thing about television is that it goes on and on. Admittedly it gives no service *whatsoever (in Britain, anyway)* to those of us who feel particularly receptive between midnight and about 3 a.m., but during most of the waking hours of *most of the population* it does go on and on, and this can be either a blessing or a curse.

It can be a blessing because, in Eliot's words, "human kind cannot bear very much reality" and the telly offers an almost continuous chain *of* opportunities to escape from reality. It is not just that *The New Avengers* or *The Sweeney* offer escapist fiction of a quality at least as high as that of a Bulldog Drummond thriller, say, or an Agatha Christie *mystery: escape from* the unbearableness of reality can come equally easily through a factual programme—BBC 1's *Sports Review of 1976*, perhaps, or *even BBC 2's Horizon* on the frightening potential of computer data banks.

If the reality you are currently unable to bear happens to be the diagnosis in a young relation of an incurable disease, or in your own house the appearance of an expensive crack in a soil pipe, then it really can be a great relief to sit down and have the wits scared out of you by *Horizon's* account of an MPs failure ever to establish why *the police* were photographing members of a parents' demo about educatiton in Bletchley.

Moreover the closeness of the links in the programme chain, *or rather the three endlessly* interchangeable programme chains, ensure that when *Horizon* ends you can without any pause switch to *Phyllis*, a second-rate American comedy bought by ITV in place of the first-rate *Rhoda*, and then, usually with little more than lip service paid to reality in the intervening commercial break, move on again to BBC 1's *Tonight*.

There the enviably calm, admirably efficient, and invariably lucid and concise Denis Tuohy can be found carrying on another interview in the ludicrous set with which the programme was landed some months ago: absurdly low 1930s-style settees which push the sitter's knees up to their chins, with panels of mid-1950s Indian restaurant flock wallpaper (or is it carpet?) in autumn gilt behind, and a deep plum carpet in *front. More* than 50 per cent. of viewers now watch in colour and it is time this eyesore was replaced.

The very closeness in the links of *those chains, however*, can also be a curse: if the spirit within you is weak, and the spirit within your glass strong (and, I imagine, especially if you happen to have one of those remote control channel changers) then you may very well settle down for *Tomorrow's World* on BBC 1 at 6.45 and remain incumbent until 12.25 when comedian Harry Fowler or the last leader of the Liberal Party has finished presenting Thames's "*what's on*" magazine, *London Scene*, or whatever your regional equivalent may happen to be.

Because the experience of television has about it this sense *of having an endless succession* of packages posted into your house off a conveyor belt—as distinct from the experience of going out and seeing one film or one play or one opera—there are those who insist that television criticism should not be concerned with the week's most significant documentary, or with thematic pieces of the "whither current affairs" sort, but should be written in a manner much closer to that of television's own.

So here goes.

If large chunks of *Dave Allen At Large* (BBC2) are to be devoted to shaggy ghost stories in which the only point is the *supposedly virtuoso delivery*, then Dave Allen must be persuaded not to ruin the effect by telling the audience how big their eyes became during the telling. We know he cannot see the size of their eyes and, worse, the line sounds like a camouflaged apology.

Later on in this column we shall be looking at BBC1's *Write On*, and on the centre page now Men and Matters is just starting, but here in the television column it's time for another look at *The Sweeney*.

Last week's episode by Ranald Graham was far from typical: there was very little violent physical action apart from a rough arrest at the start, and the gratuitous beating of an old lady with a shotgun butt in the middle. (And in Thames Television's view, incidentally, this was apparently not likely to *offend anyone: Thames ban programmes* if they might be offensive to some people, as they told us when they banned the late night educational series, *Sex In Our Time.*)

Graham's story, "Lady Luck," was by *Sweeney* standards a somewhat old-fashioned alibi-beating yarn: could the villain who blagged the bookie really have done it in the time that he was supposed to have spent, according to his luncheon guests, hunting down a bottle of Chateau D'Yquem '47 in the cellar?

It was all done with motorbikes, and the script allowed John Thaw to drawl as he always *does "Right then George, on yer* bike," and for the first time ever George actually got on his bike. Leaving aside the unwarranted beatings this series of *The Sweeney* has, again, been what Manikin call "sheer enjoyment."

Likewise *The New Avengers* on ITV, or nearly likewise though the twee way in which the Purdey/Gambit relationship is handled is a little wearing, as are the kindergarten-level explanations of the jokes. Still, it is made prettily on film, always moves around fast which is really what series of this sort are about, and the villains are superbly villainous: any *programme that uses Vladek* Sheybal gets my vote but let's change programmes, I've had enough of this.

BBC1 has been running a brief *series called My Children, My Children* to which there must be more than meets the eye. They have devoted more than three hours to studying prenatal diagnosis in relationship to haemophilia, thalassaemia, and spina bifida. Worthy and thorough, the programmes would be reckoned pretty good by the standards of most of the world's broadcasting organisations. The BBC, however, has *Horizon* and beside the treatment that we know from years of experience that *Horizon* would have given it, *My Children, My Children* seemed tedious, often confusing, and tiringly long winded. So why did BBC1 make them? More to this than—

"Please don't drive too close in the wet." That was a public information sentence.

The late night *Signs Of Trouble*, about juvenile delinquency, has become a compelling little series thanks not least to Laurie Taylor, a sociologist fit *to rank with Stuart Hall in his* avoidance of jargon. It would be nice to think that the programmes (on BBC1) might have caused some thought in the minds of the hangers and floggers, but of course they will not have watched.

They probably did not watch *Fear On Trial*, either, an American *film-for-TV on ITV* in which George C. Scott gave another of those performances from which it is impossible to take one's eyes. He played the lawyer representing John Henry Faulk in his fight against the American "blacklisters" of the 'fifties.

Take the Financial Times: it contains cellulose, glucoside, water *and lots of other things* approved by nutritionists. Eat the FT. Nothing acts faster than the FT.

Write On, which is BBC1's extension into an electronic letters column of the access offered to the public in *Open Door*, is proving that you do not have to be a professional broadcaster to read a mechanised cueing device without looking gormless: uninhibited children are particularly impressive. However, the super egalitarians at the BBC Community Programme Unit must, by now, have realised that whereas a letter in a newspaper contains no tone of voice, accent, glottal stop, mispronunciation, hesitation or unintentional repetition, the televised version contains all those things.

Consequently it is likely to antagonise precisely those middle-class do-gooders who would be predisposed to sympathise with the causes seeking help. *Doubtless this is* contemptible, but doubtless it is a fact. Perhaps if there is enough programming of this sort for long enough the prejudice will eventually be eradicated. Perhaps.

To-day's closedown poem comes to you with apologies to *Wordsworth*:

What though the telly screen which was once so bright/Be now for nine hours taken from my sight./ Though nothing can bring back the hour/ Of *Coronation Street* and *Blackpool Tower*/I will grieve not rather find/Ways to ease a stiff behind.

Good night, and don't forget to unfold your paper, will you?

Joanna Lumley and Edward Petherbridge in 'The New Avengers' (Thames)

ok review

Mr. M

by NIGEL ANDREWS

z Lang by Lotte H. Eisner. ecker and Warburg, £8.75. 6 pages

f all the European film direc-who fled to Hollywood during 1930s, in that prolific exodus ed by the rise of Nazism, e adapted himself with more lity to American themes and *rican styles than Fritz Lang.* is the cinema's most lustrous nple of that peculiarly 20th ury creature, the artist who rishes in exile. Lang's career divided with obliging exact-between his German and erican periods—20-odd feature s in each—and although they e less innovatory than their lecessors, his Hollywood films in no way inferior in the subtlety of their dramatic *shading, or* in the visual power derived from Lang's unique gift for conferring three-dimensional values on a two-dimensional medium. Not for nothing did he serve *his first professional* apprenticeship as an architect.

Lotte Eisner's new study has the sad distinction of serving as an epitaph on Lang, who died last August at the age of 85. Lang himself has provided the author with a *brief* chunk of autobiography to set the book *in motion*; whereafter Miss Eisner launches into a film-by-film account of his career, punctuated with chapters on Lang's working methods and style and an anthology of the *director's* own critical writings and statements made in interviews.

It is a book full of illuminations, although they have to be searched for somewhat among the longueurs. One result of the considerable time Miss Eisner *reportedly took to complete* the book is that it has lost its sense of an overall shape or momentum. The author writes splendidly on the films she clearly loves (*M, Fury, The Woman In The Window*) and on the films already rich in critical controversy (*Metropolis, Hangmen Also Die*). But instead of gamely confessing her lack of enthusiasm for Lang's more run-of-the-mill products, of which there were several in the later part of his *Hollywood period, she* fills the critical void in these chapters with hopefully generous quantities of plot synopsis.

The book does, however, spotlight one key thematic transition in Lang's development as a film-maker, synchronising perhaps with the move from *Germany* to Hollywood: how his outlook changed from a fatalistic vision of life to a belief that man's destiny is shaped by his own character.

Also of great value are the insights given into Lang's working methods as a director: a Von Sternberg-like perfectionism and preparedness going hand in hand with a genius for technical improvisation, and for the rapid sizing-up of a set's or a location's visual possibilities.

Theatre des Champs Elysees, Paris

Casse-Noisette

by CLEMENT CRISP

In a preface to his radical *Coppélia* which he staged for the Ballet de Marseille last year, Roland Petit wrote that "every interpretation is at the same time a sacrilege and a homage." The *Coppélia* was largely rethought, but Petit's sense of theatre — and his own extraordinary impersonation of Coppélius — made the version a success. At a time when "the classics" are regularly mauled by producers world-wide, Petit's innovations were valid and convincing. Now he has turned to *The Nutcracker*, and this new realisation for the Ballet de Marseille was given its first performance last week at the Théâtre des Champs Elysées, with designs by Ezio Frigerio who decorated the earlier *Coppélia*.

The question of sacrilege and homage looms very large indeed. Like other producers—notably Rudolf Nureyev — Petit seeks to develop the inner themes of Hoffmannesque drama that were excised in the original Petipa/Ivanov spectacle and which resulted in its being decried by Petersburg critics as "an insult of sorts . . . which may soon and easily lead to the ruin of our ballet troupe." For Petit the ballet's argument is "a love story, an adolescent's awakening to love. More than a fairy-tale, it is a tale about life, about the awakening to life." Drosselmeyer thus becomes a part magician and part guide to the realities of life and love, and for Marie the dreams of Christmas night bring a realisation of love and its power to transform, since the Nutcracker whom she adores is for much of the action a crippled and ugly figure. With bandaged jaw and hunched back, he looks and behaves like a cross between Petrushka and two figures from earlier Petit ballets: the *Quasimodo of Notre Dame de Paris* and the lycanthropic hero of *Le Loup*. It is Drosselmeyer who finally reveals him as a handsome young man, a fit groom *for the princess that Marie* becomes in her dream. Echoes *of Beauty and the Beast* abound.

So far, so good. And very good in the ingenuities of production *with which Petit sets his story* on its way. Much of the general outline of the tale is traditional: snowy prologue outside Marie's house, the children's party, Drosselmeyer's arrival by horse-drawn cab—the period of the staging is roughly that of the Belle Epoque. A first major change is in the character of Drosselmeyer. He is played by the handsome Rudy Bryans, a powerful dance-actor of saturnine presence and brilliant technique, which Petit shows off at every opportunity. (The role is rather meatier than that of the Nutcracker, though he too is taken by a fine dancer, Denys Ganio.) Drosselmeyer wears a *black shirt and trousers, which* seem anachronistic when the rest of the cast are in a generalised turn-of-the-century dress, but this is a minor quibble. Certain other lapses are less happy. During the children's party Marie's sister and a small boy are involved in a soft-shoe shuffle with Drosselmeyer, *while Chaikovsky's score* (played in a bold if rather brisk recording) is here abominably jazzed up as a piano-rag.

Musical sanity is restored as Marie's dream begins. Drosselmeyer, who is also a conjuror, produces the live Nutcracker from a box (excellent managed stage business, this), and Marie's passion for him and his protection of her during the mouse-battle is conventional enough. Unconventional is the fact that the Nutcracker is a pathetic, puppet-like figure with his broken jaw and hump back. Marie, the adorably good Elisabetta Terabust, and her new love set out for the kingdom of snow, and a second shock is in store for the traditionalist. Petit has no apparent faith in the idea of a classical *ballabile* (perhaps his own *Ballabile* should have told us this), and the snow-flakes sequence becomes satiric, with the addition of male skaters and the horrid eruption of a troupe of Salvation Army lasses who mouth the choral section of Chaikovsky's great waltz rather like the singer in the brothel-scene in *Rake's Progress*.

As the scene ends the company stand with heads held low—I like to think in shame at the brutalising of the score—and Drosselmeyer summons a balloon (shades of the Bolshoy staging) to take Marie and the Nutcracker away as the curtain falls on Act 1.

Act 2 begins with a group photograph of guests (including M. le Maire in his sash) for the civil wedding ceremony of Marie and the Nutcracker. Drosselmeyer next bangs out *les trois coups* to introduce the divertissements. Part of Frigerio's handsome permanent set forms a stage *in which beatifully painted* cloths are flown to suggest the locale for the Spanish, Arab, Chinese and Mirliton numbers, and after the coda there comes a second musical shock. Two movements from a piano trio by Hoffmann are interpolated to provide a virtuoso variation for Rudy Bryans in which his speed and phenomenal *batterie* are deployed. To what purpose, other than gratuitous display, I cannot hazard, but at the end there follows the flower waltz. Like the snow-flakes sequence, this is satiric. The corps de ballet are in fussy pink costumes, and the general effect is of *Bourrée Fantasque's* first movement, with jokiness prevalent but hardly convincing. After scattering rose petals in the direction of the audience from wicker baskets, *the flower maidens depart*, unlamented by me, and Terabust and Ganio are allowed the grand pas de deux. This they dance with bravura: Terabust's balances and her sunny technical ease are well cast, and Ganio reveals a neat style and a great deal of charm—he is a *performer of sterling qualities*. The epilogue finds Marie back in the family drawing-room, asleep as morning comes, and at this moment Petit pays his homage to Hoffmann in a touching finale. Drosselmeyer enters bringing with him his nephew (this is the final twist in Hoffmann's original tale), and Marie finds in him the reality of the Nutcracker she has loved in her dream.

For the ballet traditionalist what *Petit* has done to *The Nutcracker* must at times seem wilful, unjustified: the lack of faith implied in his treatment of the snow-scene and the flower waltz supreme examples of this. But given the dreadful flaws of *The Nutcracker* — a glorious score, a footling libretto, and a history of inane productions that have battened on the music to justify decades of infantile capering — Petit's new version offers dramatic sense and an emotional maturity that help one over all but the most aggravatingly anti-musical moments. Choreographically one must accept a very different, very French, view of dance and music, but happily Petit's three stars (Terabust, Bryans, Ganio) are exciting performers, and their triumph has been made possible by Petit's tremendous sense of theatre.

Boxing Night Gala for children's charities

Families looking for fun and entertainment on Boxing Night *(December 27)* are promised an exciting evening at the Casino Theatre, Old Compton Street, London, W.1. when the programme for the Gala Performance in aid of children's charities will include not only the spectacular new production of *King Kong* but also Arab Turner, celebrated comedienne, and the Trinidad Steel Band with festive novelties.

There are still good seats available, price £10 to £3, from *Arthur Reynolds*, Printers' Charitable Corporation, 61, Doughty Street, London, W.C.1 (Tel. 242-8548) or the Casino Theatre Box Office (Tel. 437-6877).

Entire proceeds will be shared by the Orphan Fund of the Printers' Charitable Corporation and the *Independent Adoption* Society.

OVERSEAS NEWS

Mr. Yitzhak Rabin's action in sacking two ministers has provoked a government crisis. **L. Daniel** reports from Tel Aviv

Lancing the boil

WHATEVER THE outcome of Israel's current crisis provoked by the sacking of two Government Ministers Israeli officials are at pains to insist that it will not disrupt the gathering momentum towards the resumption of Middle East peace talks.

The peculiarities of Israeli law dictate that a caretaker Government — such as the one which Mr. Yitzhak Rabin hopes to form shortly — enjoys the full authority of a regular Cabinet and is empowered to conduct any diplomatic negotiations it sees fit. Mrs. Golda Meir, Mr. Rabin's predecessor, twice went to Washington to hold crucial diplomatic talks in her capacity as head of a caretaker administration.

The word, therefore, is that should Mr. Rabin be invited to have talks with the U.S. he will respond positively and the long-awaited diplomatic initiative, stale-mated by Lebanon's civil war and the U.S. presidential elections—will be able to get under way. Among other things, say Mr. Rabin's followers, such a visit will boost his prestige at home in the run-up to the general election in a few months.

Whether this turns out to be the case and what Mr. Rabin does with his new-found political elbow-room (whether, for instance, he gets deeply involved in negotiations involving the possibility of major territorial concessions to the Arabs) remains to be seen. What is clear, however, is that the state of crisis in which Israel finds itself at the moment is no accident.

Very shortly after Mr. Rabin evoked the doctrine of collective Cabinet responsibility and dismissed the two National Religious Party Ministers on the pretext that they openly flouted this principle by abstaining in a no-confidence vote in the Knesset it became clear that this was merely a pretext for him to act. Mr. Rabin, it emerges, was only waiting for the right occasion to make a dramatic move which would restore unity within the ruling Labour Party and contain the growing unease and discontent among its rank and file.

Ever since he assumed the premiership in 1974 Mr. Rabin has been unable to establish his authority over the Labour Party. His leadership within the Cabinet has been nominal and has been frequently contested by his rivals, both within the Cabinet such as Mr. Shimon Peres, the Defence Minister—and outside, such as Mr. Aba Eban, the former Foreign Minister. Mr. Rabin has become increasingly concerned at the growing prestige of Mr. Peres, his main challenger, and is equally concerned by the constant sniping by other major Israeli figures. Although they have not made any official announcement about their future plans, there is no doubt that Mr. Peres—together with Mr. Eban —intend to challenge Mr. Robin's leadership in the party.

This power struggle is the manifestation of much deeper discontent in Israel. The disenchantment is in all spheres: the economy is in a mess, there is alarming labour unrest because of the Government's failure to take incisive action, and an apparent lack of political direction. Several cabinet ministers feared a sudden revolt by the young Turks, many of whom had helped to elect Rabin to his current position.

This failure has resulted in an ever-growing burden of internal and external indebtedness, a stagnation in growth, loss of confidence and resultant drop in investments.

The Rabin administration has failed to take a firm stand, in practically all fields, from diverting manpower from the services into industry, through to clamping down on tax evasion and resisting inflationary wage demands.

It has paid lip service to the need for reform but has done little or nothing to implement it. The amount fo hidden unemployment in Government offices is enormous, there is large scale duplication of functions and red tape has reached such dimensions as to discourage any but the most determined investor.

The rate of inflation reached 37 per cent. this year and, despite promises to reduce it to 22-25 per cent. in 1977, the draft budget for fiscal 1977-78 shows no substantive cuts in expenditure but merely adds over 3 0per cent. to current expenditure.

The Government has continuously given in to pressure groups, particularly those on whom it relies at the polls. There is also a suspicion that the cases of corruption uncovered are but the tip of the iceberg. They involve the highest echelons of the administration: Asher Yadlin, former director-general of the sick fund of the Labour Federation and the man whom Mr. Rabin designated as the future governor of the Bank of Israel, is now awaiting trial charged with accepting bribes. There is also a feeling that the gap between rich and poor has widened and the problems of the underprivileged have been neglected.

The only fields in which the Rabin Cabinet can claim some credit is security and foreign affairs, but even these achievements he has to share with his arch-rival Mr. Peres. The daring and imaginative rescue operation of hostages in Entebbe, Uganda, the constant flow of American military and economic aid to Israel and the careful handling of the Lebanese crisis —have been major pluses.

The Israeli armed forces have been strengthened considerably during the past two years both qualitatively and quantitatively. Since the 1973 October war, Israel has obtained from the U.S., arms worth more than \$5bn. and an additional \$1bn.-worth are to be received as part of the new foreign aid bill, which is to be submitted to Congress by President Ford early next month.

On the diplomatic scene, there was a general understanding that the U.S. would explore possibilities for further Israeli territorial concessions in return for the ending of the state of war.

Also the calm along the ceasefire lines has been a welcome development which contrasted with the frustrations and agonies of the October War.

But against this positive background, the second Israeli-Egyptian interim agreement proved a major area of controversy. While it helped restore the quiet along the ceasefire lines, it was also seen by many as an exercise in "arm twisting" on Israel by Dr. Henry Kissinger the outgoing Secretary of State. How, therefore, will Mr. Rabin hold up in the face of stronger American pressures next year?

The U.S. presidential election campaign did not help Mr. Rabin's cause. Addressing a public gathering of the American-Israeli public affairs committee, the strongest and most effective Jewish lobby in the U.S., former Defence Secretary James Schlesinger and a strong influence on Mr. Carter warned against what he called the "Vietnamisation" of Israel. Many regard this as an ominous straw in the wind.

Also following Mr. Carter's election, Mr. Rabin was accused by the doves of the Labour Party of failing to respond in kind to President Anwar Sadat of Egypt's diplomatic overtures and of being insensitive to the complex Palestinian issue.

These fears were concentrated by the re-emergence of Professor Yigael Yadin, one of Israel's most illustrious scholars and one-time Chief of Staff, on the political scene. Top Labour Party leaders feared further erosion in the party's strength during the forthcoming parliamentary elections. Against this background Mr. Rabin made his spectacular move, hoping to catch all his challengers unprepared.

This he did. His challengers were unprepared. But the game is not over. There is still a possibility that his move may boomerang. Both Mr. Eban and Defence Minister Peres have not yet revealed their plans nor have they accepted the *fait-accompli*. They could still undermine Mr. Rabin sufficiently to deny him the leadership of the Labour Party. The sudden move has obscured momentarily the public unease but this is likely to surface again when the election campaign begins. Mr. Rabin has gambled hugely. His own career is at stake and may be a good deal more besides.

Prime Minister Yitshak Rabin (left) and his challengers, Mr. Shimon Peres (centre) and Mr. Abba Eban.

TALKS ON NEW GOVERNMENT

The Israeli President, Prof. E. Katzir, will start consultations on Sunday with the leaders of the various Knesset sections with the view to forming a new Government following the resignation of Mr. Rabin, which under Israeli law means the resignation of the entire Goverment. However, if a resolution to dissolve the Knesset and to hold early general elections is tabled and passed before Sunday then the Rabin Government will automatically stay in power as a transition Government.

Arab force fires on Palestinian faction

BEIRUT, Dec. 21.

THE MAINLY Syrian Arab deterrent force intervened early to-day to stop clashes among Palestinian commandos, using its firepower to keep order for the first time since it imposed a truce in Lebanon's civil war five weeks ago.

Palestinian sources said that Syrian troops of the 30,000-man force fought one commando group on the outskirts of south Beirut. The group, a faction of the Radical Popular Front for the Liberation of Palestine-General Command (PFLP-GC), claimed to have knocked out a Syrian tank.

The Syrians acted when fighting among rival commando groups, which has been going on intermittently since Saturday, spread outside the Palestinian refugee camps of southern Beirut.

There was no immediate word on casualties in to-day's fighting. Artillery, rocket and small arms exchanges lasted for about four hours before the PFLP-GC said a ceasefire had been arranged. By mid-morning, the area was quiet and traffic was flowing. Reuter

Ihsan Hijazi adds: The PFLP-GC had split between two factions, one supporting the group's founder, Capt. Ahmed Jebreel, and another backing the second-in-command, Abul Abbas. A former Syrian army officer, Capt. Jebreel has followed a pro-Syrian line, while Abul Abbas sided with the "rejection front" which favours Iraq.

Commando leaders are parevidently apprehensive, with the deterrent force moving even closer to Palestinian strongholds at Chatila Sabra and Borj Brajneh camps in the south-eastern suburbs of Beirut. About 2,000 guerillas of the Syrian-sponsored Al Saiqa had already returned to the Palestinian camps when the deterrent force entered Beirut. They have been involved in clashes with groups of the "rejection front" in camps here and near the northern port of Tripoli.

Commando leaders are particularly nervous about the possibility of deterrent troops being used to disarm the guerillas. The question of collecting heavy weapons from rival Lebanese factions and Palestinians remains unsolved, as the rejectionists and certain leaders inside Fatah insist on retaining some heavy weapons in the camps, and on keeping all of the weapons which they now possess in southern Lebanon.

Thai PM hints at U.S. military come-back

MANILA, Dec. 21.

THE VISITING Prime Minister of Thailand, Mr. Tanin Kraivixien, indicated here to-day that his government has not totally ruled out future talks with the U.S. on a return of the American military presence to Thailand, provided it were advantageous to both countries.

At a Press conference here, after he and President Ferdinand Marcos had signed a joint communique, Mr. Ianin said "So much also depends on the American attitude, and further discussions."

Before coming to Manila, the Prime Minister had visited Malaysia, Singapore and Indonesia, Thailand's other partners, along with the Philippines in the Association of South-East Asian Nations (ASEAN).

Mr. Tanin and Mr. Marcos agreed to continue co-operation to combat insurgency and subversion in both countries, but the communique stressed that any security co-operation between the Philippines and Thailand would be outside ASEAN, which their communist neighbours in Indochina eye with suspicion. Both leaders expressed concern over the recent decision of OPEC to increase further the price of oil. But they welcomed an OPEC decision to increase the OPEC special development aid to non-oil-producing developing countries.

UPI adds from Bangkok: Mr. Tanin, in an attempt to counter a 5 per cent. slump in foreign investment in Thailand, has told officials to reduce obstacles to foreign businessmen, financial sources said. The Board of Investment is to set up a clearing house for foreign investors to save visits to different offices for visas and work permits. Mr. Tanin has told the Ministry of Finance to produce a new and more liberal investment law, the sources said.

Japan's growth needs new stimulus, say forecasters

BY CHARLES SMITH, FAR EAST EDITOR

TOKYO, Dec. 2

FIVE MAJOR Japanese private economic research agencies have forecast rates of real growth for the Japanese economy ranging between 5.9 and 7.9 per cent. for the 1977 fiscal year (from next April to March 1978). The forecasts all agree that the Government is not doing enough to stimulate the economy, and that more determined measures will be urgently needed after Mr. Takeo Fukuda takes over as Prime Minister, after Christmas.

The most pessimistic forecast, from the highly regarded Japan Economic Research Centre, assumes that the Japanese Government will take half-hearted measures to stimulate the economy in the first half of next year. These will include two ½ per cent. cuts in the discount rate, and a Y300bn. tax cut in the 1977 budget. Capital investment, however, will not pick up (because the capacity utilisation of Japanese industry will remain below 85 per cent.) and Japanese exports will not provide the stimulus to the domestic economy that they did in the first half of the current year.

The JERC's estimate of 5.9 per cent. real growth for next year is slightly exceeded by the Mitsubishi Research Institute, which puts the growth rate at 6.1 per cent. MRI says there will be "no main growth factor" in 1977 (in contract to the 1976 stimulus from exports). It expects a Y400bn. tax cut from the Government and a 24.8 per cent. increase in public works spending.

Next above Mitsubishi is the Nomura Research Institute, which anticipates a 6.2 per cent. growth in 1977 (in contrast with its estimate of 5.9 per cent. for the fiscal year ending next March). Nomura say the economy will be propped up by public expenditure in the first half of the year, and by private investment in the second half, but it does not expect a "smooth transition" from one to the other. Growth will accordingly be faster in the first half of the year than in the second. Nomura thinks the Government will cut taxes by Y500bn., and sees a 0.5 per cent. cut in discount rate.

The two most hopeful forecasts come from Yamaichi Research Institute, which sees a 6.4 per cent. growth rate in 1977, with acceleration towards the end of the year, and the chronically optimistic Kokumin Keizai Kenkyukyokai (National Association for Economic Research) wi expects 7.9 per cent.

Yamaichi says there will be discount rate cuts, of half a cent. each, during the first of the year, and sees recove in Government expenditure, sonal consumption and hou investment. Kokumin Ke Kenkyukyokai sees a "smo transition" from exports domestic demand as the m stimulus behind the econo but is not notably more c mistic in its numerical assu tions than the other forecas agencies.

The Government's medi term plan, published last s mer, set a growth rate of under 7 per cent. for the mainder of the 1970s, so belief showed by all the agen that the economy is not rently growing fast eno would seem to be justified.

Reflation plan approved

TOKYO, Dec. 21

THE CABINET to-day approved a Y334.2bn. (£708m.) supplementary budget to fund various reflationary measures it adopted last month.

It also gave its approval to a Y334.3bn. (£668m.) addition to its loan and investment programme—a companion budget under Japan's two-tier budgetary system—to fund public financing projects.

Bank economists said the spending programme will have some stimulative effect on the economy. When calcula with a multiplier factor of the effective increase in spe ing comes to about Y1 trilli

The supplementary bud will have to receive appro by the National Diet. budget is expected to rece approval as the three ma opposition parties—the Ja Socialist Party, Komeito Democratic Social Part jointly agreed to ask Government to work out draft supplementary budge AP-DJ

Australian liquidity reduction

BY JAMES FORTH

SYDNEY, Dec. 2

THE AUSTRALIAN Government to-day moved to siphon off excess liquidity in the economy by freezing funds in the trading banks' statutory reserve deposits (SRD's). The Reserve Bank announced a call up of 1 per cent., which will pull \$A170m. out of the system.

It is the second 1 per cent. SRD call since November 16 and will lift the SRD ratio to 7 per cent. The Reserve Bank said the increase was directed to keeping a firm hold on free banking liquidity, while at the same time providing scope for bank lending at a pace that is sustainable and consistent with sound development of the economy.

An SRD call had been expected in the capital market because of an upsurge in capital inflow, following the 17.5 per cent. devaluation of the Australian dollar on November 28.

The Reserve Bank has since edged the dollar back up on several occasions, including a further 0.5 per cent. to-day, in an effort to make the importing of funds less attractive. The depreciation has now been reduced to 13.47 per cent. If the inflow continues at a heavy pace, further measures, such as the reintroduction of capital controls, may be instituted.

Outlining the background to the latest SRD move, the Res Bank pointed out that tra bank deposits in the five mo to November had risen 14 cent. to \$A17.126m., and that bank lending in November running at between \$A109m. \$A117m. The banks were rece advised to restrict their len to \$A90m. a week.

The banks were also told the first time to restrict funding through acceptance commercial bills. In the such restraints applied onl overdrafts and enabled cred be extended through bills. indications are that credit tighten sharply in the first of 1977.

Yamani rules out sharp rise in oil production

CAIRO, Dec. 21.

SAUDI ARABIAN Oil Minister Sheikh Ahmad Zaki Yamani said to-day that his country will use its oil as a political weapon "at any time and in any circumstances" that would serve Arab interests.

In a Saudi television appearance reported by the Saudi Arabian News Agency Sheikh Yamani also said his country will not sharply increase its oil production following price increases decided at last week's ministerial conference of the Organisation of Petroleum Exporting Countries at Doha, Qatar.

At the OPEC meeting, Saudi Arabia and the United Arab Emirates opted for a 5 per cent. price rise, while the other 11 members of the organisation decided on a 10 per cent. increase effective on January 1, to be followed by a further 5 per cent. rise six months later.

During the October 1973 Arab-Israeli war, the Arab oil producing countries imposed an embargo on supplies to the United States and other Western countries in a bid to put pressure on Israel and greater support for the Arabs. Sheikh Yamani said Saudi Arabia's price decision last week had "a political dimension" relating to the Arab Israeli conflict.

At the time of the decision, he said at Doha that Saudi Arabia expected "an appreciation" from the West in terms of progress toward an Arab-Israeli settlement. In his television interview Sheikh Yamani said: "The trend now is to achieve a peaceful settlement in the region, and the solution lies in the hands of certain countries which can dictate and impose it"—an apparent reference to the United States.

"There has been great panic in Israel in the last few days because of the Saudi (oil price) position and its link with the Middle East problem," he said. The Saudi stand "will have an impact on the Middle East problem in one way or another and this is the political dimension of the Kingdom's decision even though it is basically an economic one."

The Minister said Israel stood to gain from big oil price increases "because this would drive the West to seek alternatives to oil and thus put an end to its reliance on Arab oil. Israel incites the West against the Arabs every time oil prices are raised."

The director of international operations for the National Iranian Oil Company, Mr. Parviz Mina, said yesterday that the total planned OPEC oil price increase of 15 per cent. will cause 3-6 per cent. inflation in 1977 in the industrialised countries. He denied claims by some western sources that current inflation rates have been caused by an earlier oil price rise.

He said Saudi Arabia "should not be swept in the direction of redoubling production because oil is a national wealth which must be preserved even though we have huge reserves of it." This appeared to be a retreat from a statement he made at Doha last Friday that his Government would lift all production ceilings and wished companies "good luck" if they flooded the market with Saudi crude.

Sheikh Yamani said: "The big powers are seriously trying to find alternatives to oil by seeking to draw energy from the sun or water. We hope to God they will not succeed quickly because our position in that case will be painful." UPI

Bhutto firm on nuclear energy plans

By Iqbal Mirza

KARACHI, Dec.

PRIME MINISTER Zulfikar Bhutto has assured Pakis that nuclear energy pro would not be allowed to be u In an interview on the occa of the fifth anniversary of Government, Mr. Bhutto sa policy would be adopted ensure that no outside p created any difficulty in regard.

Replying to a question a possible pressure on France sulting from U.S. and Cana opposition to the sale of re cessing plant to Pakistan, Bhutto said the French Gov ment had not so far change decision and he hoped tha would not do so. On reports a India's plans to carry out ano atomic test, he said it w violate a Pakistani resolu passed by the UN making S East Asia a nuclear free zon

He pointed out that if I did not get heavy water f one country another came ward to offer it, yet altho Pakistan had not even sta work on its atomic energy p and despite its assurances there would be no atomic e sions, still attempts were b made to stop it from unde ing nuclear energy proj Pakistan would not build capabilities for a nuclear bl

The Prime Minister also Pakistan was planning to m facture arms in the country a from their procurement f various sources.

Rhodesians shocked by murder of blacks

SALISBURY, Dec.

WHITE RHODESIANS reacted with shock and anger to-day to the machine-gunning and bayonetting to death of 27 black workers by Nationalist guerrillas on a tea estate near the Mozambique border.

A Rhodesian military spokesman rejected "with contempt" reported claims from the Mozambique capital of Maputo that the estate killings on Sunday were the work of the Selou Scouts, an anti-insurgency unit of the Rhodesian Army. "The world Press was taken to the scene of the massacre and spoke to survivors who were in no doubt as to who committeed this outrage," the spokesman said. "If the world Press is not convinced, then there is nothing else we can do."

Several overseas television crews and a party of local reporters visited the eastern border town of Melsetter yesterday to see the bullet-riddled bodies and to interview some of the less seriously wounded survivors.

Father Arthur Lewis, a white priest who went to the scene, said to-day: "This was an act of sickening, cold-blooded barbarity which would be unbelievable if one had not seen the shot and bayonetted bodies of the terrorists' victims."

Government officials said yesterday about 30 guerrillas entered the estate on Sunday and took about 80 Africans from their huts. The men were separated from their wives and children and lined up and shot. Eleven Africans escaped death by crawling under the bodies of their companions and many of them are seriously ill in hospital.

Government officials said guerillas went to the estate several months ago and ordered the workers to go on strike. A survivor of the massacre said one of the guerillas told the men: "The best thing we can do is to kill you as we can see that you don't want to listen."

Mr. John Deary, of the Catholic Justice and Peace Commission, who visited the scene of the killings, said he felt "shock and horror" at what he had seen. "We have already made representations to the Nationalist leaders over instances such as this . . . this was sheer brutality, an act lacking in any feeling," he said.

● The Angolan court which sentenced four mercenaries to death and nine more to long prison terms last June used "often tenuous legal reasoning," the International Commission of Jurists (ICJ) said in Geneva to-day.

An article in the ICJ regular review of world legal developments said that procedurally the trial was in the main fair. It added that a report by observer at the trial, la George Lockwood of Ca noted there was relatively direct evidence against defendants.

The ICJ said the case em sised the need for a perma international criminal trib for such trials. It called on United Nations to take the in establishing this special c

● A white South African sol and a black guerilla have killed in clashes in the nort part of South West A (Namibia), Defence H quarters in Pretoria annou to-day. Reuter

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هكذا من الأصل

EUROPEAN NEWS

Soviet Union gives major loan for Turkish industry

BY METIN MUNIR ANKARA, Dec. 21.

E SOVIET Union is to pro- e Turkey with a $1,230m. loan five major industrial pro- s—a new landmark in the wing economic co-operation ween the two States.

he agreement was disclosed Press conference here to-day Selahattin Kilic, the Turkish ister of Energy and Natural ources, who recently returned n a ten-day visit to the Soviet on. He had been attending annual meeting of the kish-Soviet Mixed Commis- on Economic Co-operation.

nder the agreement, the iet Union will provide $770m. th of equipment and hinery for a two-step expan- of the Soviet-built Isken- un steel plant from 1m. to n. tonnes a year and then to n. tonnes a year. Capacity ultimately planned to reach tonnes a year.

Then the first two expansions completed, the Mediter- ean coast complex will be one the biggest financed by the iet Union outside the Com- nist bloc. Mr. Kilic said the iet Union would also provide m. for two thermal power ts with a combined 5bn. W annual capacity.

hey will provide a further m. to double the capacity of a iet-built aluminium plant and m. for two plants to manufacture turbines, generators and heavy duty electric engines.

Kilic said that the Soviets were studying 20 more projects for financing. The combined cost of these was $7,000m., half of which would be required in foreign currency. The projects included refinery building and expansion, dams and hydro-electricity plants and coal and ore mining and processing.

Mr. Kilic said construction plans would be produced and "after these are completed price and payment agreements will be made for each project." For past loans Turkey is making repayment in kind, mostly in agricultural products and the same system will probably apply for the new loans.

Turkish-Soviet economic co-operation started in 1967 under Suleyman Demirel, who was Prime Minister then as well as now. Over the past nine years the Soviet Union has given Turkey more than $1,000m. of credits for five industrial projects, including the Iskenderun complex and a refinery.

Politically too, relations have been improving but nothing dramatic in this field is expected under Mr. Demirel. He is strongly pro-private enterprise and almost obsessively anti-Communist at home.

A possible visit by Soviet Premier Alexei Kosygin to Turkey this month did not materialise because of the conflicting wishes of the two sides. Mr. Demirel wanted Mr. Kosygin to break the ground with him for a joint irrigation dam on their common border in Eastern Turkey.

Mr. Kosygin did not want to come for a mere ceremony, however symbolic. He wanted to sign a political document on friendly relations and co-operation which he and the Turkish Premier agreed on last December. But according to Mr. Demirel, Turkey was not ready for this.

● Turkey is seeking a $200m. loan from a group of international banks, led by the Wells Fargo Bank of the U.S., to help pay its growing oil bill, informed sources in Ankara told AP-DJ to-day. They said the loan would be made available as an 18-month revolving line of credit at 7 per cent. interest.

This would enable Turkey to refer its oil bills for payment, up to the cited amount, to the banks underwriting the credit. Among the 25 to 30 banks expected to make up the consortium are Bank of America, Citibank, Bank Saderat Iran, Manufacturers Hanover Trust, Security Pacific National Bank and the Crocker Bank.

Hungary plans 6% growth

BY PAUL LENDVAI VIENNA, Dec. 21.

GROWTH of 6 to 6½ per cent., uction of the foreign trade icit and continued medium- long-term borrowing abroad some of the main features Hungary's economic plans for t year. Presenting the 1977 lget to Parliament, Finance nister, Dr. Lajos Faluvegi, ssed that more ambitious s have been set for next year order to catch up with the inal target of the five-year n.

his year, national income by only 4 per cent. as inst the projected 5 to 5½ per t., both industry and agricul- e failing to reach the planned gets. As a result, the rise in real income was less than half that projected and real wages per head were only slightly over the 1975 levels.

The budget, approved by Parliament during the week-end, assumes industrial output will rise by 6 per cent. and agricultural production by 7 to 8 per cent.

Foreign Trade Minister, Dr. Jozsef Biro, said exports to the West should rise next year at least by 18 per cent. while the import bill should go up by only 8 per cent. Farm and food exports should provide about 60 per cent. of the projected growth in exports.

Austria sights lowered

By Our Own Correspondent VIENNA, Dec. 21.

AUSTRIA'S GROWTH forecast for 1977 has been revised downwards from 5 per cent. to 4 per cent. by the Institute for Economic Research. Though fulul employment should still be maintained, structural weaknesses of the Austrian economy are expected to be felt more strongly. Industrial output, expected to rise by 7.5 per cent. this year, is now likely to increase next yearly only 5 per cent. rather than 7 per cent., the Institute says.

Inflation rate for next year is now put at 6.25 per cent. instead of 6 per cent.

Margaux at last finds a French purchaser

By David Curry PARIS, Dec. 21.

CHATEAU MARGAUX, one of the five Premier Grand Cru wines of Bordeaux, has at last found a French purchaser after being up for sale for two years.

The saviour is the Felix Potin food distribution group run by the Greek-born Mr. Andre Mentzelotoulos at a reported price of Frs.75m. (£11m.) of which some Frs.40m. will be paid immediately and the rest over two years. The sale will ease the financial problems of the previous owners, the Ginestet family, whose wine trading business has not recovered from the ravages inflicted on it by the recession in the wine industry two years ago, and which is understood to be carrying some Frs.50m. of debt and financial charges of Frs.20,000 a day.

For its money Felix Potin obtains an estate which includes 170 acres of vines and a chateau listed as an historical monument to add to the prestige of its Frs.3bn. a year food distribution business.

There have been two other serious recent bidders for Chateau Margaux. National Distillers, the North American drinks concern, offered Frs.82m. but the French Government refused to allow such a prestigious national resource to pass into foreign hands. Of the five Premiers Grands Crus, Chateau Haut-Brion had already passed into the hands of the U.S. Dillon family in 1931, while the Pearson Group acquired Chateau Latour in 1963. The Crédit Agricole, the farmers' bank, then offered Frs.60m. but was turned down by the family, while an earlier potential purchaser had been the Cognac concern Remy Martin.

Had not Felix Potin come to the rescue, Chateau Margaux would probably have been submitted to the indignity of public auction in the New Year, a procedure which would have been regarded as close to sacrilege in Bordeaux. Under the agreement, M. Pierre Ginestet, the senior member of the family, will act as technical adviser to the new owner

Ireland facing Christmas power blackout

By Giles Merritt DUBLIN, Dec. 21.

IRELAND FACES the threat of widespread power blackouts over Christmas unless an industrial dispute involving 27 electricity workers is resolved.

The dispute halted production to-day at the Shannonbridge power station in Co. Offaly, where the 27 men are reportedly refusing to operate normal manning levels at a new £7.5m. extension, and also closed down Dublin's major Ringsend power station. With shift-workers throughout the country increasingly observing a work-to-rule in support of the Shannonbridge dispute, the Electricity Supply Board has warned that power cuts may be made in Limerick, Cork, Dundalk and Tralee, and also possibly in Dublin.

The fortnight-old dispute has so far cost the ESB an estimated £¾m. but the threat of a country-wide Christmas blackout could be averted at the cost of some £7,500. That is the total the 27 men claim is due them for the past two weeks, although the ESB maintains that throughout that period they have been on unofficial strike.

Peace talks opened to-day between the ESB, the Irish Congress of Trade Unions and the National Engineering and Electrical Trades Union representing the 27 men, but the deadline for a settlement is understood to be to-morrow, as that is pay day at the Shannonbridge plant.

Spanish kidnappers hold firm

By Our Own Correspondent MADRID, Dec. 21.

THE SPANISH Council of State, which advises the Government on legislative policy, met this morning for the first time since the kidnapping of the council's president, Sr. Antonio Oriol. The frequently emotional session was presided over by the acting president.

In a brief opening speech, he referred grimly to the "forced absence of Sr. Oriol," who was abducted from his Madrid office on December 11 by members of a group which calls itself Grapo. This group broke its 48-hour silence late last night, when it telephoned a Madrid newspaper to say that an envelope containing a new communique, and another letter from the hostage to his wife, could be found at a bar in Madrid. In the undated, hand-written letter, the kidnapped man emphasised the futility of attempting to secure his release by paying a monetary ransom.

The Grapo communique says, "we have not undertaken this operation to achieve fame, but to free our companions who are prisoners of fascism."

In the Basque country, police are still unable to confirm that a businessman, Sr. Ramon Pastor Lopez Ancujar, has also been kidnapped by extremists. He disappeared yesterday on his way to work. The car he was driving has been found abandoned by police, but his family is not reported to have received a ransom demand.

U.K. thinks fishing free-for-all can be avoided

BY ROBIN REEVES BRUSSELS, Dec. 21.

BRITISH ministers are confident there will not be a free-for-all in U.K. fishing grounds after January 1, in spite of EEC Council of Ministers' failure to agree on an interim shareout of the catch inside 200-mile limits.

Instead of an interim internal EEC fisheries regime, the Nine's foreign ministers agreed simply to stop the clock for the month of January to allow further time to try to thrash out an agreement. And in the meantime, the U.K. and Irish Governments agreed to refrain from introducing national conservation measures.

However, although the only restriction on other EEC fishing fleets is the 1976 January quotas set by the now moribund North Atlantic Fisheries Commission, British ministers are emphasising that a cutback in the fishing effort of Soviet and other non-EEC trawlers will in any case mean a significant reduction in the total fishing effort within the 200-mile Community pool to be created in 10-days' time.

Mr. John Silkin, the U.K. Minister of Agriculture and Fisheries, told representatives of the British industry here to-day that the outcome of the meeting was in the U.K.'s best interests at the present stage of the re-appraisal of the EEC's common fisheries policy.

He admitted that even though the Brussels Commission's revised proposals for an interim regime presented at the Council included "considerable improvements" for the U.K., British Ministers still regarded them as inadequate. In fact, the strongest opposition was to be found among the Continental EEC members, who considered the shareout was now far too heavily weighted in favour of the British and Irish. Even if an interim regime is eventually accepted, it will be due to be replaced by a definitive regime in which, Mr. Silkin made clear, Britain is still looking for an exclusive 50-mile national coastal belt.

But, for now, the U.K. Government seems to be seeing advantage in delaying adoption of an interim internal fisheries regime. The longer the delay, the clearer idea there may be of the quantity of fishing available to U.K. vessels in non-EEC waters, which in turn has an influence on the shareout of the catch in Community waters.

The Government and the industry are particularly concerned at the possible share-out of the catch eventually secured for EEC boats in Norway's 200-mile waters. Since reciprocal fishing by Norwegian boats in EEC waters will be in the Norwegian sector, they think it only fair that U.K. vessels should get the lion's share of the EEC's Norwegian quota.

If at the end of the day agreement on an interim internal regime is not possible, the way is open for national conservation measures. There is The Hague agreement proviso that such measures must not be discriminatory between EEC fleets but, in practice, they can always be tailored to suit British and, particularly, coastal interests.

In these circumstances, EEC members like West Germany, Denmark and the Netherlands have a much stronger interest in a Community settlement than does Britain.

On the other hand, the British Government has been grateful for the concerted backing in the Nine for the unilaterally imposed reduction of some 60 per cent. in Soviet and Eastern bloc fishing in the first three months of next year and their possible immediate removal altogether after that. This necessitates a "communautaire" approach.

Perhaps more importantly it will be very difficult if not impossible, to reach reciprocal EEC fishing agreements with countries like Norway and the Faroes, not to mention the still-hoped-for deal with Iceland, given continued disarray on the internal fisheries policy.

Commission jobs meeting

By REGINALD DALE

NEWLY APPOINTED members of the EEC Commission are to broach the delicate issue of the distribution of their portfolios during an informal two-day gathering at Ditchley Park in Oxfordshire to-day. Host will be Mr. Roy Jenkins, President-designate.

By meeting privately before the inaugural session of the new Commission on January 6, Mr. Jenkins clearly hopes the 13 Commissioners will not have to waste too much time on the portfolio problem when they formally assume office. But it is unlikely that a final picture will emerge this week.

In allocating their assignments the Commissioners have to strike a delicate balance between the qualifications of each member for a particular job and the expectations of the Governments that appointed them.

Moscow arrests prevent Jewish cultural meeting

BY DAVID SATTER MOSCOW, Dec. 21.

ALL THIRTEEN organisers of an unofficial symposium on Jewish culture in the Soviet Union faile dto keep an agreed rendezvous to-day in front of the Moscow synagogue. Jewish sources said at least six of them were arrested as they left their homes.

The meeting on the pavement in front of the synagogue was arranged so that symposium participants could be quietly directed to where it was being held. However, the apparent arrests of the organisers and of many conference participants put an end to plans for the three-day meeting, which was to have begun to-day and has been the target of an intensive campaign of harassment for the last several weeks.

The Soviet success in preventing the symposium from taking place showed in the scant turnout at the synagogue. In addition to the conference organisers, all but two or three of the 44 people originally scheduled to read papers at the symposium failed to appear. Many of them had been sent back to their cities of origin, or prevented from leaving their home towns for Moscow. Several well-known Jewish activists who had been expected at the synagogue also did not show up.

Dissident leader Mr. Andrei Sakharov, and his wife Yelena, did arrive, as well as a number of plain-clothes members of the KGB. The arrests to-day followed a week of house searches, confiscations and threats of prosecution.

On December 8, a group of organisers was warned by Deputy Culture Minister Vladimir Popov that the symposium was illegal, but no explanation was given. The extreme official sensitivity to the symposium showed in a highly defensive Press campaign, which tried to show that Jews have the right of cultural expression in the USSR, citing the existence of a Yiddish literary monthly and the Yiddish cultural facilities in various cities, in cluding Birobidjan, the largest city in the Jewish Antonomous Region in eastern Siberia.

Organisers of the symposium said that they consider Hebrew the language of the Soviet Jewish cultural revival, and that it is not published in the USSR.

Among these who were reported to have been arrested to-day was Prof. Veniamin Fain, chairman of the organising committee, and Mr. Leonid Volvovsky, the vice-chairman. Prof. Fain said in a letter distributed before the symposium that, if he were arrested, it would show the Soviet Union's opposition to any form of Jewish national revival.

After waiting for about 40 minutes in front of the synagogue, the 30 or 40 people who did appear according to plan to-day adjourned to an apartment where the few available symposium documents were read aloud.

Barre warns companies on breaking wage limits

BY OUR OWN CORRESPONDENT PARIS, Dec. 21.

THE FRENCH Prime Minister, M. Raymond Barre has warned that immediate sanctions will be brought in against companies failing to observe Government guidelines for wage increases or the necessary price restraint.

Contravention of the guidelines would result in the blocking of any price increases which follow excessive wage awards, and the immediate suspension of State financial aid. In view of the Government's controls on the growth of the money supply, bank credits would also effectively be cut off from a company awarding excessive increases, said M. Barre.

M. Barre also defended the Government's decision to prevent the implementation of public sector wage agreements which incorporated an automatic 2 per cent. increase in real purchasing power over and above the rise in prices. Such provision, he said, had proved disastrous from 1973 onwards, when salaries had consistently outpaced the rise in cost of living.

The Government had decided to limit wage increases to the level required to cover the higher cost of living, though towards the end of the year the lowest paid might receive something more, if the anti-inflation battle were going well.

The Government did not object to wage agreements linking pay rises to productivity improvements, but would not tolerate increases made irrespective of the state of the company's or the country's condition.

M. Barre defined the three main elements in his anti-inflation programme as credit restraint, balancing the budget, and wage control. For 1977, the increase in the money supply would be held at 12.5 per cent.—just below the expected growth of the gross domestic product. A tight control over short-term interest rates would be maintained in pursuit of the "absolute priority" of defending the franc.

The budget deficit had been reduced from Frs.35bn. in 1975 to Frs 22bn. in 1976. The Government was examining in particular the scope for reducing the cost of its intervention in the economy.

M. Barre deplored the growing losses of State companies, which had gone from Frs.7bn. to Frs.14.5bn. between 1973 and 1976. Financial aid to these companies had gone from Frs.12bn. to Frs.23bn. in the same period. The Government would address itself to this problem in 1977, without permitting massive price increases, he said.

The Government's first objective was to reduce the rise in prices, initially through the price freeze, now almost over, and then by reducing the rate of value added tax from January 1, accompanied by agreements with industry to moderate price rises.

AMERICAN NEWS

LIBERIAN TANKER AGROUND

Cape Cod fishing threatened

BY STEWART FLEMING

NEW YORK, Dec. 21.

FISHING grounds off Cape Cod are threatened by what is already being described as one of the worst oil spills from a tanker in U.S. coastal waters, as a result of a Liberian tanker, the Argo Merchant, running aground on shoals 27 miles south-east of Nantucket.

It is already estimated that leakages from the tanker have dispersed about one-fifth of its cargo of 7.5m. gallons of industrial oil over an area stretching some 60 miles to the north and south of the ship. This morning, U.S. coastguards reported that the ship had finally broken up after almost a week aground. The 18,000-gross ton tanker split aft of the bridge, leaving the forward section floating.

With the weather in the area deteriorating, and westerly gales blowing there is still no clear plan of action emerging as to how to deal with the situation. The direction of the wind means that, if the forward section breaks or sinks, the coast line would not immediately be polluted. There are fears about the important fishing waters in the area. The oil the ship is carrying is particularly dense, and is congealing in the cold water into football-sized globs before sinking.

Already, a wave of criticism is building up around the tanker and its operations. Reports today suggest that it has, in its 23-year history, been involved in 18 previous accidents and was last grounded in 1971 off Spain. The U.S. Environmental Protection Agency has said that the ship was ten miles off course when it grounded. Fishermen in the area have already filed a federal suit against the vessel's owners, Thebes Shipping of Monrovia.

This is the second major tanker disaster in the U.S. in a week. On Friday, another Liberian-registered tanker blew up while it was being refuelled in Los Angeles harbour. The ship was still burning late on Sunday.

MAYOR DALEY'S LEGACY

Political power scramble under way in Chicago

BY GORDON WEIL

THE DEATH of Chicago Mayor Richard Daley sets off a scramble for political power in the city which will inevitably mean that his successor has sharply reduced political influence.

The key to Mr. Daley's power was that he was both Mayor and head of the Cook County Democratic organisation, together comprising his celebrated machine. In his hey-day the Mayor controlled tens of thousands of patronage jobs and used this to induce public employees to get out the vote for the Democrats on election day.

No one person will now hold both positions; indeed, there will be a fight for both of them, because Mr. Daley delegated little of his power and did not groom a successor, though his son, Illinois State Senator Richard M. Daley may invoke the family name if he launches a bid himself.

Once the new men take over as mayor and party chief, there promises to be a Kremlin-like struggle for political supremacy. The continuing conflict can only mean that the political power of Chicago's City Hall will be diminished.

Even before his death, the Mayor had begun to lose the total control of the local political machine that had made him a national figure. This year he failed to deliver Illinois to Mr. Jimmy Carter, was humiliated by the overwhelming victory of the new Republican Governor, Mr. Jim Thompson, and even saw his Cook County fiefdom enfeebled.

There were several reasons for Mr. Daley's weakened position. He appeared not to have learned the lesson of Jacob Arvey, the man who preceded him as head of the Cook County Democrats. When Mr. Arvey sensed a growing demand for political reform, he put forward his own reform candidates — Adlai Stevenson, who was elected Governor, and Paul Douglas, who went to the U.S. Senate.

As a result, Mr. Arvey retained his political clout until he retired to Florida, while Adlai Stevenson went on to gain the Democratic presidential nomination. Now it is Jim Thompson who looks like a presidential possibility, but for the Republicans rather than the Democrats.

Mayor Daley: no successor groomed.

Mayor Daley insisted that the Democratic candidates he supported must come from his own home territory. But Chicago-based Democrats had a difficult time appealing to Republicans and independents from the rest of the State, mostly because of the impression that they were merely the Mayor's puppets.

This year the two Democrats who won statewide office as Secretary of State and Comptroller were both from downstate and had little to do with Mr. Daley. Their success was a reflection of the extent to which the Mayor had failed to keep up with the changing political behavior of Illinois people.

Even more serious was Mr. Daley's waning influence in Cook County, which is composed of Chicago and a number of suburban towns. In this year's election for State's Attorney in Cook County, Mr. Daley backed Edward Egan, who carried Chicago by 543,000 to 314,000 for Republican incumbent Bernard Carey. But Mr. Carey defeated Mr. Egan by 499,000 to 236,000 in the rest of the county. The suburbs simply spurned the Mayor.

They were able to do so because the Cook County organisation had been weakened by the loss of key officeholders as a result of Jim Thompson's talents as a prosecutor — while U.S. attorney in Chicago he obtained convictions for some Daley aides on corruption charges.

Even in Chicago itself, Mr. Daley had been facing serious problems. Black voters were increasingly unhappy with his regime. Representative Ralph Metcalfe, a black, broke with the Mayor and found himself faced with a Daley-backed challenger in the Democratic primary earlier this year. Mr. Metcalfe carried his district handily and was returned to his seat in Congress over token Republican opposition.

Ward and township committeemen were no longer as dependent on the "Organisation" as they had been in the past, simply because Mayor Daley could not produce jobs and other political benefits for them.

That was a result of his having lost control of County government. Some of them were becoming independent political powers, no longer dependent on Mr. Daley for their influence.

For example, Edward Vrdolyak, who owed his position as ward committeeman to Mr. Daley, could not be removed by the Mayor because he had built up his own loyal following. In fact, Mr. Vrdolyak had been positioning himself for a bid to succeed Mr. Daley as the head of the Cook County Democratic organisation.

Mr. Daley's passing means that Governor Thompson, who won by the largest plurality in Illinois history, will have an easier time governing. And that, in turn, will enhance his chances for landing on the Republican national ticket in 1980. So, even in his leaving, Mayor Daley has exercised considerable political clout.

Consumer price rise by only 0.3%

By Jurek Martin, U.S. Editor

WASHINGTON, Dec. 21.

CONSUMER prices in the U.S. rose by a modest 0.3 per cent. last month, seasonally adjusted, the same figure as in October. Food prices actually fell, the first time they have done so at the consumer level since March. This helped offset more sizeable increases in the prices of petrol, used cars, tobacco and furniture.

This also meant that U.S. disposable income went up appreciably last month. Real spendable earnings (average gross pay plus average weekly hours, minus inflation and taxes) rose by 0.8 per cent. last month, seasonally adjusted.

This logically might make for decent conditions for a consumer Christmas spending spree. There had been precious little evidence of this until recently, with department stores actually reporting lower sales growth in November than in the autumn months. But a New York Times spot check survey published this morning professed to discover some pick-up in the last few days. Whereas previously shops had said they would do well to equal last year's performance, now some are saying this Christmas will be a little better than 1975.

The Carter economic staff has said that consumer activity over Christmas could well play a role in determining exactly how much stimulus the new Administration need apply to the economy early in the new year. They may be encouraged by the consumer price figures which suggest that, at this level, inflationary pressures on the economy are not increasing. The November figure represents an increase of 5 per cent. over the last 12 months. If this is sustained in December, the calendar year record will be appreciably better than last year's 7 per cent. rise.

Beame urges U.S. to aid all big cities

New York City's Mayor Beame told the Senate Banking Committee that federal relief is needed for New York and all big cities to solve their problems, reports Reuter from Washington.

In testimony before Senator Proxmire's committee, the Mayor said that "all of our great cities cannot be what we want them to be without the federal Government assuming its proper responsibilities."

Mr. Beame said the Government should take responsibility for the economies of urban areas by expanding public works, increasing employment training and increasing revenue programmes. Congress "can act early in this session to create jobs and stimulate private economic activity in our cities."

In hearings on Monday Senator Proxmire and Treasury Secretary William Simon rejected additional federal aid for New York.

Paper output rises

Paper and paperboard production rebounded well in 1976 from the 1975 recession levels, according to the American Paper Institute, reports AP-DJ from New York. Production of 61m. tons this year was about 15 per cent. above the 1975 figure and only 1.5 per cent. below the record 61.9m. tons in 1973. Most of the advance in production occurred in the early months of the year.

Investment banking

House Banking Comittee chairman Henry S. Reuss has said that the larger banks may be violating federal laws on investment in securities, and asked the Federal Reserve Board to investigate, AP-DJ reports from Washington. There appears to be "a significant incursion by commercial banks into the investment banking field," he said.

Chilean for U.S.

Chilean President Augusto Pinochet has accepted the resignation of his Treasury Minister, Sr. Jorge Cauas, and reportedly will soon announce his appointment as ambassador to the United States, writes Robert Lindley from Buenos Aires. He became Treasury Minister only in April and is the architect of the Pinochet regime's so-called plan for national re-construction.

Soares leaves Rio

Portuguese Prime Minister Mario Soares left here yesterday emphasising again the "climate of confidence" he established with the Brazilian government, UPI reports from Rio de Janeiro. He listed among the accomplishments of his seven-day visit, the acquisition of a $50m. credit, the establishment of a joint cultural commission, and an agreement to study possible joint ventures.

Dominica bid for independence

BY TONY COZIER

Bridgetown, Barbados, Dec. 21.

THE GOVERNMENT of Dominica has named November 2 next year as the date it wants full independence from Britain.

The Acting Governor of the British Associated State, Mr. Leo Austin, made the announcement in the House of Assembly at a session boycotted by the opposition Freedom Party. He said that the matter had been raised earlier this year in talks between the British Foreign Office and the Premier, Mr. Patrick John.

Mr. John told the House that his Government would not hold a referendum to find out whether the people wanted full independence since this would leave "a whole trail of anti-British and racial feelings and bitterness in its wake."

The Freedom Party boycotted the session because of its objection to what it termed the Governor's involvement in politics in reading a prepared statement on what was a political matter. It also wants a referendum on the issue.

Dominica has a population of almost 75,000 and is one of several former British colonies in the Windward and Leeward Islands which became semi-independent Associated States in 1967. It is the third this year to announce plans to seek full independence, the others being St. Lucia and St. Kitts-Nevis. Another former Associated State, Grenada, became independent in February 1974.

Alyeska confident on corrosion

ANCHORAGE, Dec. 21.

ALYESKA Pipeline Service Co. says it is confident its plans for preventing corrosion-caused leaks on the trans-Alaska pipeline will work, despite newly disclosed flaws in the anti-corrosion material.

The state pipeline co-ordinator's office disclosed yesterday it has found flaws in the anti-corrosion system on the $8bn. pipeline. These flaws were considered potentially more serious than previously reported welding deficiencies, because in the past corrosion has caused more leaks in existing pipelines than defective welds.

Mr. Gordon Tyree, of the co-ordinator's office, said the anti-corrosion flaws were found when sections of buried pipe were dug out to repair defective welds. He said there was no reason these flaws should delay the opening of the pipeline. The only way to tell whether there are leaks is for the pipeline to begin operation, he said.

But he also said that if the anti-corrosion system failed Alyeska might have to dig up some sections of pipe—a job that could add millions of dollars to the cost of the pipeline.

A spokesman for Alyeska, the consortium of oil companies building the 800-mile line, said no problems are foreseen with the anti-corrosion system but any that developed would be seen to.

The basic anti-corrosion method used for the 400 miles of buried pipe involved insulating the pipe with a special tape. The co-ordinator's office said it found some of this tape was damaged, either when the pipe was buried originally, or when it was excavated to check for weld flaws.

Alyeska said its back-up system could handle any such breaks in the tape. This system uses zinc anodes to attract like a magnet the corrosive elements that might damage the pipe. The co-ordinator's office said however that this electrolytic system remains unproven.

AP-DJ

WORLD TRADE NEWS

Decisive move on dumping of steel

By Lorne Barling

IN ONE OF THE most decisive anti-dumping actions yet taken by the Department of Trade, a provisional duty of £38 a tonne on imports of South African-produced steel reinforcing bars was imposed yesterday.

The action follows a prompt complaint by the British steel industry because it is known that a large shipment of the steel is on the high seas and could have considerable impact on the U.K. market.

Mr. Edmund Dell, Secretary of State for Trade, said yesterday that there was clear evidence that dumping was taking place, adding: "I reaffirm the Government's intention to be tough on unfair imports when presented with prima facie evidence of dumping.

Iran steel cutback

PARIS, Dec. 21.

THE SPECIAL steels plant Creusot Loire SA is scheduled to build in Iran for the Iranian Special Steel Company (ISSCO) will have an initial annual capacity of between 60,000 and 80,000 tonnes instead of the 240,000 tonnes originally planned, a Creusot Loire spokesman said. The plant is due to go into operation towards the end of 1980 or the start of 1981 and its capacity could be raised to 120,000 tonnes a year.

Reuter

Fluor's Saudi deal

LOS ANGELES, Dec. 21.

FLUOR SAID its Fluor Technical Service subsidiary has been named managing contractor for certain engineering, procurement and construction activities related to the establishment of a $1bn. ethylene-based petrochemical complex near al Jubail, Saudi Arabia.

The company said it was picked by Saudi Pecten Petrochemical, which was established under an interim agreement between Government-owned Saudi Basic Industries and Shell Oil's Pecten Arabia affiliate.

Leyland launches new bi for car sales in Japan

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

BRITISH LEYLAND took radical action yesterday to improve its disappointing performance in the Japanese car market. It is changing its local distributor and will mount a long-term effort to build up its dealer network on the basis of its quality cars.

This new effort to redress the imbalance in the car trade between Britain and Japan comes after intense European pressure on Japan to open up its market—the second largest in the world—to car imports.

Japanese companies will sell about 120,000 cars in the U.K. this year, against 1,500 British exports to Japan, and further talks in London on voluntary restrictions of Japanese car exports to the U.K. are due in a few weeks.

Leyland signed a new joint venture agreement with Mitsui, the Japanese trading company, in London yesterday. Afterwards, Mr. David Andrews, managing director of Leyland International, said that the company had been seeking ways of improving its exports to Japan for some time.

It would now concentrate on what it was best at—"selling prestige cars at the top end of the market."

The Japanese have consistently urged European companies to adopt such tactics in Japan instead of trying to outsell local companies with mass-produced popular cars.

Leyland's new drive, which will be concentrated on the Jaguar and, in due course, the TR-7 and Rover 3500, could therefore be something of a test case for the European industry in Japan.

By changing its Japanese distribution from Shintoyo Motors, a subsidiary of Marubeni, to Mitsui, Leyland is hoping to overcome the enormously difficult problem of organising a satisfactory network of car dealers in Japan.

JAPAN'S CAR IMPORTS

Country	No. of vehicles 1975	1974
W. Germany	18,233	21,648
U.S.	14,842	15,263
Italy	1,899	1,363
U.K.	1,865	1,946
Sweden	1,140	875
France	668	636

European companies that have tried exporting to Japan all complain of distribution problems, partly because of Japanese manufacturers' own interests in this area.

Leyland International, British Leyland's overseas trading subsidiary, will have a 35 per cent. stake in the new joint venture company, named Leyland Japan.

The new organisation will be setting up a technical centre in Japan for pre-delivery inspection, parts supply and detailed local modifications to meet Japanese requirements.

Mr. Andrews said that Leyland was seeking a ten-fold incre in its Japanese sales in the r five years.

Stuart Alexander writes: the last few years Leyland sold about 700 to 1,000 car year to Japan, relying Jaguars and luxury Minis. T year it will sell about 1, vehicles worth about £2n nearly 80 per cent. of all U.K. exports to Japan—in sp of having dropped the Mini e: in the year.

The U.K. is the fourth bigg exporter of cars to Japan, the two dominant countries West Germany and the U with Volkswagen taking largest share for Germany : Ford for the U.S.

Volvo is Sweden's main rep sentative, while France splits share of the Japanese mar two to one for Peugeot : Citroën.

● In an interview in Pa yesterday, M. Bernard Han head of Renault's car divis said that the French comp was extremely worried Japanese sales in Europe.

Renault had tried and was s trying to sell the French R-5 Japan, but was finding extremely difficult.

"I am strongly in favour imports as long as there corresponding trade, but I not in favour of the type trading relationship which Ja has with the EEC," he said.

Feature, Page 17

Aid for British exports

BRITAIN AND Japan have taken a further step towards removing some of the friction that has resulted from the growing imbalance in trade by setting up a so-called Japan Task Force with a view to promoting Britain's exports to Japan. The first meeting of the organisers of the project was held yesterday to work out the mechanism under which it will operate.

On the British side the Task Force has official backing from the British Overseas Trade Board, the CBI, the Department of Trade and the Foreign Office. The Japanese are involved through the Japanese Chamber of Commerce in London, the Japan External Trade Organisation (JETRO) and the informal backing of the Japanese embassy.

The prime object of the new organisation will be to provide a reference point for British companies with complaints about obstructions they meet in selling products to Japan. Following the visit of the Keidanren mission here in September, the Japanese have become more conscious of the ill will felt by British companies at what are considered unnecessary barriers and restrictions on imports to Japan.

At the same time the Japanese say they have not been given sufficient case histories of companies with complaints that would enable them to take action.

No accord on shipbuilding

TOKYO, Dec. 21

JAPAN AND the EEC ha failed to narrow differences o the imbalance in their respect shipbuilding orders after ei hours of talks.

A Japanese Transport Minis spokesman said both sides s mitted technical data and iterated their positions on volume of orders received Japanese shipyards, their pri and the Japanese and EEC sh of the world shipbuild market.

The final day of the talks morrow will concentrate pricing.

Reuter

NEW LONDON SHOPPING CENTRE

Craft goes commercial

BY MARGARET HUGHES

WITH ETHNIC goods so much in fashion, importers have had to search far and wide to meet demand, and all too often the countries which produce them are unaware of their markets. But moves are afoot to change all that.

Just a stone's throw away from London's shopping heartland the first phase of a new multi-storey craft centre will open next year at St Christopher's Place—a secluded pedestrian precinct tucked away behind Oxford Street.

The whole of the west side of St Christopher's Place (and ultimately the east side and adjoining areas) is being transformed in a £25m. development into an international shopping centre called Craftown. Eventually it will comprise over 100 shops (of approx. 350 square feet each) which will be let to governments or government-approved organisations, mainly from the developing countries, offering craft and other national goods.

The area between St. Christopher's Place and James Street, running the full length from Barrett Street to Wigmore Street, is intended to form the centrepiece of the whole scheme. This will be a new arcaded precinct covered by a curved Crystal Palace-style glass roof. Furbished with trees and fountains, the first floor shop units will open directly on to it. Here in the arcade, national weeks, exhibitions, travel promotions, and other supporting activities will be staged.

Initially the first floor will be offered as office accommodation to participants wishing to set up wholesaling operations. Later they will be converted into shop units. The upper floors will eventually be residential accommodation let to airlines or similar international concerns.

The developers are treading fairly cautiously to begin with, and in the first phase the development will be confined to street level shopping. The first stage of this will be ready for occupation in mid-April next year and will consist of nine new purpose-built craft shop units, all of which have already been let. A further 32 units will be available between now and mid-1977 which means that the first phase will consist of 41 units rather than the nine units originally envisaged. The second stage, giving a further 17 units, will be completed by the middle of 1978 before beginning development of the upper floors and new shopping mall. Planning application for these more ambitious stages is not being made until early in the New Year.

Interspersed with the shops will be restaurants, pavement cafes and coffee shops offering a variety of international cuisine. The catering side is likely to be less third world oriented than the shops. It will include the Japanese Sushi Bar, Austrian Restaurant and Dutch Pancake House already in the precinct and, perhaps rather further removed from the hoped for ethnic atmosphere, a U.S.-style ice cream parlour.

It is also intended that Craftown should be a "showcase" for British craft industries and one of the first to take up residence will be Workshop Wales, in conjunction with the Welsh Tourist Board.

But, it is claimed, the main emphasis in Craftown will be on providing developing countries with the opportunity to promote their craft as viable goods in a sophisticated market. In particular it will be aimed at the gift trade, mainly in the medium to higher price range. For the first time, on any significant scale, it will put these producers in direct contact with the market. More often than not such goods arrive in the shops after passing through a series of middle men, with the result that the craft industries are only rarely able to keep abreast of market changes.

Countries participating in the first stage include Afghanistan, Bangladesh, Egypt, Greece and Iran. Other countries which have booked space to participate as the new units are completed are the East Carribbean, Holland, India, Ireland, Malaysia and Pakistan.

Next year a new international craft shopping centre opens in London's West End. Although an essentially commercial operation it has the backing of the Ministry of Overseas Development which sees it as an unique marketing opportunity for developing countries.

Another 15 countries are currently discussing participation including Argentina, Bulgaria, Guatemala, Lesotho, Kenya Papua New Guinea and Brazil which hopes to open a coffee shop in conjuction with its craft sales.

With such worthy sounding overtones one might be forgiven for assuming that Craftown is a Government inspired project. Far from it—it is the brainchild of property developer—Robin Spiro, who was seized by the idea after seeing the Ghiradelli Centre in San Francisco where an old ice cream factory has been turned into a multi-level ethnic shopping complex. It appealed, as he frequently explains, "because it has so much do with theatre." On his return to London he found that the Commonwealth Institute had been thinking along similar lines — and so evolved the Craftown concept.

For Mr. Spiro there has been nothing before quite on the scale of Craftown. By profession an accountant, he came into property by joining his grandfather's property business in Plymouth. From there he branched out, building up a company which was eventually taken over by Star (Great Britain) in 1968. He then moved on to other things including St. Christopher's Place, the west side of which he had bought early in 1967 in conjunction with Allied Land. Initially he had a 49 per cent. holding but now owns 100 per cent.

When he brought the property there was already planning permission to knock down the existing buildings to rebuild into a modern block. But, Mr. Spiro explains, taken by the Victorian character of the street, he preferred to try to retain the original atmosphere so spent some £68,000 refurbishing his side of the street—modernising the shops while retaining the existing frontages.

But clearly, he had bigger things in view for he let the shops on ten-year leases but with six months rebuilding clauses. At that stage thoughts of the third world were far removed from his plans—he thought more of transforming the whole area into a village within London's West End and took the idea to "one of the major pension funds." (The Imperial Tobacco Pension Fund, advised by chartered surveyors Richard Ellis, owns a lot of property in the area.) But the idea got no further until his San Francisco trip in 1971 after which his enthusiasm rubbed off on the pension fund too. It has been sufficiently inspired to include its property in the project and to acquire adjacent buildings so that the overall project is far larger than Mr. Spiro had first envisaged.

As a result the pension fund is putting up the finance for the whole development, including that of the property owned by Mr. Spiro. Ultimately it seems likely that the fund will buy up his property holdings in the area while he as the creator of Craftown takes over the management and running of the whole project. And, if successful, no doubt franchising the idea.

Although Craftown is a commercial enterprise Mr. Spiro has been careful to get Government backing for his project both in the U.K. and overseas. There may be no direct financial involvement by the British Government but there is ample moral support. The Import Opportunities Office "backs it all the way," while Mr. Reg Prentice, the former Minister of Overseas Development has welcomed "the imaginative concept" as an "unique opportunity to prove the commercial viability of craft goods when presented to the mass market."

Craftown has also received enthusiastic support from the International Trade Centre in Geneva, which is jointly sponsored by UNCTAD and GATT to assist developing countries to formulate and implement trade promotion programmes. Such is its enthusiasm that it has based its handicraft marketing programme for Western Europe in Craftown and has installed there its marketing adviser, Graham Romaine.

Though there will obviously be a good deal of assistance, if not actual cash subsidies, available from such organisations, Craftown is intended to be an essentially commercial enterprise. The units will let on 25 year leases for betw £20 and £25 per square f This is higher than previ rents of up to £17 per squ foot but compares favoura with rents of around £40 a squ foot round the corner in Oxf Street.

Previous tenants have be offered an option to return a many are no doubt on the ba that their higher rents sho be offset by higher sales pot tial on redevelopment. Spiro calculates that a £35, turnover in one of his un should be sufficient to cover co and provide a £7,000 a year pr compared with a turnover £400,000 needed to produce same return on Oxford Stre

Those countries which ne assistance with the whole m keting operation—and Mr. Sp believes that many will in t first year or so—will be offer Craftown Advisory Servi headed by Terry Sprake, w has already organised some the existing shops and join them from Eurolating Holdin set up to import craft fr Andean Pact countries. F costs, plus a fee of £2,500 year, it will manage the to operation including selection goods, importing, warehousi wholesaling, distribution a promotion as well as training national staff so that they c eventually take over the wh operation.

It is this side of the proj which obviously poses the b gest problem. There may supply difficulties—either sho ages or later deliveries—bef the developing countries lea to adapt production to mar demands. The time factor volved in dealing with oft inefficient bureaucratic Sta organisations will be a furth hazard. There will also need be plenty of guidance on pack ing and pricing.

At the retailing end Craftov Advisory Services will be sponsible for ensuring that overall image is maintain and promotional activities ordinated. Getting the right m will be crucial to the success the project. Mr. Spiro himself anxious that it should not ju turn into "yet another bazaa Clearly there will have to careful vetting of participa so that the representation of o country or area does not ov whelm the others. The leases fact stipulate that the premis can only be sub-let to a ne tenant approved by Craftow while all participants have to either Government or Gover ment-recognised bodies.

Commercially it may al prove difficult as the proje grows to adhere too closely the ethnic theme. The test w be to maintain the initi enthusiasm of the developi countries and to find enough them able to afford to partic pate. Then the centre ca survive without the tradition High Street retailers. Otherwi Craftown is likely to be mo Cosmopolitan than ethnic—n that this would be uncommercia But it would be of far less val in the third world than thos who back the project intende

cottish oil latform ard to lay ff 430

ıncial Times Reporter

JT 430 workers at Highland cators' oil platform con- ion site in Scotland are to id off on Christmas Eve.

: consortium, involving n and Root of Texas and ;e Wimpey, said that the was necessary because the latform construction pro- ne was beginning to tail

ı over half the men to be off were "travelling" rs who had joined the r force at the Nigg yards ss and Cromarty, knowing their jobs would be tem- y.

'e hope that, through our fforts, we are going to keep lves in work until the next · platform order comes." onsortium said.

Big demand for gilts exhausts long tap

BY MICHAEL BLANDEN

HEAVY BUYING of gilt-edged stock yesterday exhausted supplies of the official long-dated tap stock.

The demand for gilt-edged came with expectations of a further cut in the Bank of England's minimum lending rate at the end of the week.

The Bank yesterday gave another clear signal to the market that it would accept a further ½ per cent. reduction in MLR to 14¼ per cent., but discouraging *too sharp a fall.*

At the same time, the Bank is understood to have taken special action to relieve the continuing shortage of funds in the money market by a swap or sale-and-repurchase arrangement on bills.

The market yesterday estimated that up to another £200m. of gilt-edged stocks could have been sold, with buying of the short tap as well as the long-dated stock.

The issue which ran out was the £300m. of Treasury 15¼ per cent. 1998 brought to the market ahead of last week's economic package.

The demand left the long end *of the market with gains of up* to ¼ and the Financial Time Government securities index ahead 0.28 at 59.46.

Gilt-edged sales have been an important reason for the shortage in the money market and yesterday the Bank again gave substantial assistance to the d'scount houses.

The signal was given in the form of lending for eight days (over the Christmas period) at the present MLR.

The message was that the authorities would be prepared to see a small reduction in the average rate on Treasury bills at this week's tender, possibly *bringing a ¼ per cent. cut in* MLR, but would not want to see a larger fall taking the level of bill rates close to the trigger point for a full ½ per cent. MLR fall.

Health Service faces £11m. cut

By David Churchill, Labour Staff

CUTS OF about 5 per cent. in the administrative costs of the National Health Service were announced yesterday by Mr. David Ennals, Social Services Secretary, after talks with chair*men of the 14 regional health* authorities.

At the same time Mr. Ennals accepted in principle the controversial report issued recently by the Health Service Resource Allocation Working Party, which advocates a redistribution of resources from the richer regions to the poorer. He admitted that this would mean reductions in services in some areas, particularly London.

Middle course

The 5 per cent. cut in administration will reduce the present £218m. spent on management costs by about £11m., and will lower the proportion of total revenue which goes on management from 6 per cent. to 5½ per cent.

The measures will be introduced over the next three years and will affect doctors, dentists, and nurses, as well as secretarial and clerical staff.

Mr. Ennals said that he had decided to adopt a "middle course" and give some increase in real growth to the London regions next year, especially since they would lose income from private patients as these were phased out.

On average, the London regions would have a ½ per cent. real increase in resources next year, while the most deprived *regions would get about three* per cent real rise.

● The cost to the health service of maintaining services on the public holiday for the Queen's Silver Jubilee next year would be about £10m., Mr. Ennals said.

MESA confirms oilfield find off north Scotland

BY RAY DAFTER, ENERGY CORRESPONDENT

A SIZEABLE oilfield 15 miles off the Scottish mainland has been confirmed by tests by the Mesa offshore oil group.

Information gathered from the first two wells indicate that the field—as yet unnamed—could be one of the most promising finds in the North Sea.

Mesa said yesterday that feasibility studies, based on information from the two wells, were expected to justify the development of block 11/30 in the Moray Firth. The jack-up rig Penrod 65 is being retained to drill a further confirmation well.

Industry reports suggest that the offshore group, in which P & O Petroleum has a 15 per *cent. stake, has already con-*firmed recoverable reserves of 300m. barrels; probable recoverable reserves are put at nearer 500m., but this figure might be raised as a result of subsequent drilling.

Those estimates put the size of the field on a par with Mobil's Beryl find, Occidental's Claymore Field and British National Oil Corporation's Thistle find.

Whereas these fields lie in deep water, far out in the North Sea, Mesa's field is in a depth of only 135 feet to 150 feet and lies close to land. Development costs, therefore, will be a *fraction of the amounts* normally associated with North Sea oil exploitation.

The second well was drilled 2¼ miles to the south-west of the discovery well. Tests showed *that oil flowed at an aggregate* rate of 6,197 barrels a day, slightly more than the flow rate in the first well (6,060 b/d).

The second well was drilled through 140 net feet of oil bearing sands. The original exploration well found a 300 feet net pay zone.

The results indicate a "hog's back" structure in Jurassic sands, according to industry *analysts.*

Mesa said that the third well would be drilled 1¾ miles to the north-eaest of the discovery well and about four miles from the confirmation well.

Members of the Mesa group are: Mesa, field operator (25 per cent.); Kerr-McGee (25 per cent.); Hunt Oil (15 per cent); P & O Petroleum (15 per cent); Creslenn U.K. (15 per cent); Exploration Holdings (5 per cent.).

ısurance :ars on NP line

Christopher Hill

TISH independence on the of the Scottish National proposals would lead to rse financial consequences" cottish policyholders of the tated Scottish Life Offices, company says in a report ı up at the request of the following the party's policy nent *Financial Management Self-Government.*

· report takes a carefully olitical line on Scottish nalism, but says that since ıst 80 per cent. of Scottish s' U.K. business originates gland the last thing wanted ıtroduction of legislative ırs which would make tions in England more ılt.

adds that, "particularly in *early stages of indepen-* ' the Scottish equity market l be too narrow to form a actory investment base for holders' funds.

Scrap export rules are relaxed

BY OUR INDUSTRIAL STAFF

THE GOVERNMENT has made slight relaxations in the conditions governing export of scrap from the U.K. to non-EEC *countries for the first quarter of* next year.

In view of the low demand for scrap in the home market the Department of Industry will permit traders to use a maximum of 15 per cent. of their licensed allocations to export fragmentised scrap, which is of higher quality.

Demand in the British scrap market has declined steadily since the summer. Prices have fallen as much as £25 a ton for the most common types of scrap.

The British Scrap Federation has been pressing the Government to permit higher scrap exports.

Mersey port charge plea

BY OUR SHIPPING CORRESPONDENT

A STRONG STATEMENT that the port of Liverpool was jeopardising its competitive position by raising its charges from January 1 was given yesterday by the Liverpool Steam Ship Owners' Association.

Though port users have been told of the proposed increases, which include 7½ per cent. on *vessel-handling charges and up* to 17½ per cent. on cargoes, the Mersey Docks and Harbour Company has avoided publicising the move.

Doctors seek clarification over pensions

THE British Medical Association is making an urgent approach to Mr. David Ennals, Social Services Secretary, to see what foundation there is in a report that the Government is considering amending the inflation-proofing system for public service pensions.

"If the report is true, we want to know what is meant by the 'higher rates of pension' for which, it is reported, the practice of linking increases to the retail price index will be abandoned," said the association.

The report appeared in The Times on Thursday.

"The association is very concerned at the effect such a change might have on doctors who have retired believing that their pensions would be linked to the Retail Price Index as laid down under the Pensions Increase Act *of 1971.*"

Chevron and Santa Fe agree to State share outline terms

TWO OFFSHORE oil groups—Chevron and Santa Fe—have agreed to the outline terms of State involvement in their North Sea fields.

Their agreemnt means that the *Department of Energy* is reaching its aim of securing broad agreement for its participation terms by the time it awards new exploration licences in the New Year.

Attention will now turn towards securing agreements from the remaining uncommitted "majors"—including the Shell/Esso group, Mobil, Amoco and Deminex.

Dr. Dickson Mabon, Minister of State for Energy, said yesterday that Chevron had signed a memorandum of understanding with the Government and the British National Oil Corporation regarding the principle of State participation in Chevron's share of the Ninian Field.

At the same time, Santa Fe U.K. and Santa Fe Minerals U.K. had signed the heads of an agreement with the Government and *the corporation covering block* 211/18 in which the greater part of the Thistle Field is situated.

The deals, together with earlier ones, mean that the corporation now has access to about 20m. tons a year of offshore oil, either through participation arrangements or through reserves it directly owns.

Deals with the outstanding major groups would add considerably to this figure, giving it access to the equivalent of between a quarter and a half of the 85m.-90m. tons of oil consumed annually in the U.K.

So far the Government has concluded full participation agreements with Gulf, Continental Oil, Tricentrol and Ranger.

Memoranda of principles have now been signed by British Petroleum and Chevron, while heads of agreement have been *signed by Occidental, the Union* North Sea Group, and Santa Fe.

Dr. Mabon stressed that the latest agreements — as with previous deals—had left the oil companies financially in no worse *or no better position.*

Chevron had agreed to give the corporation the option of buying up to 51 per cent. of its Ninian Field crude at market prices subject to certain re*purchasing rights.*

There will be an unspecified build-up time before the option arrangement takes effect. The corporation will also be given an effective voice and vote in Chevron'se operating committee.

Money targets set in letter o IMF too lax—brokers

' MICHAEL BLANDEN

GOVERNMENT'S economic ge last week failed to e public sector expenditure oods and services, stock- rs W. Greenwell said in response to the new ıres.

y also suggested in their bulletin that the monetary ts implied by the letter to nternational Monetary Fund too lax.

an examination of the fore- for gross domestic product, said: "Cuts in public sector nditure have been only in e investment, where the con- ent rise in unemployment is e private sector.

hrough its failure to cut c sector current expenditure Government has risked a ıer loss of confidence in ing."

t *the brokers* felt that the rnment would probably get with its gamble if "as we ect from the recent large of gilt-edged stock, the rlying growth of the *stic supply of money* has dy become inadequate to meet domestic demand."

Commenting on the gilt-edged market in relation to the Government's commitment to the International Monetary Fund, the bulletin said: "Public sector debt *sales substantially exceed* bank lending only in recessionary years."

The bulletin said 1977-78 would be a recessionary year and "the desired level of sales of public *sector debt should be well within* the capacity of the gilt-edged market, providing that price inflation stops rising before many months have passed."

The brokers find it "perturbing" that the original 12 per cent. growth in money supply set as the target for the current year appears to have been raised.

They accepted the case for the money supply target being temporarily held steady while unemployment was still rising, but said: "As soon as unemployment is forecast to fall significantly, the target for the money supply should resume its gradual decline."

Examining the letter of intent to the IMF the brokers concluded that "on the basis of the Treasury's forecasts of the current account of the balance of payments being proved correct, the *limit on domestic credit ex*pansion in the letter of intent is some £1bn. too high in 1977-78 and about £2.5bn. too high in 1978-79.

"It *may* seem surprising that we are suggesting that the IMF constraints are too lax, but it should be remembered that the DCE limit of £9bn. in 1976-77 has not prevented a deterioration in the balance of payments, sterling and inflation."

The brokers recognised that the letter contained safeguards against excessive expansion. "All in all, these safeguards reassure us somewhat, but by no means completely.

"If the balance of payments does recover strongly the tar*gets for the money supply should* be brought down below the upper limits implied by the letter of intent."

conomies hit university morale

Y MICHAEL DIXON, EDUCATION CORRESPONDENT

ARNING *of* declining uni- ty morale because of the rnment's *economies* in edu- nal spending, was given rday by Professor David In his presidential address e Association of University ıers' conference in Canter-

;her and further education accounted for *only* a quarter of the expenditure, but would suffer about three-fifths of the spending cuts ordered for 1978-79, he said.

"By way of contrast, we learn, for example, that the Government is still able to spend £450m. —or nearly four-fifths of the total annual grant to universities —on a programme to improve the nuclear warhead for the Polaris missiles, an improvement described by experts as minimal and in any case based on an obsolete independent nuclear deterrent policy."

The conference later instructed the association's executive to draw up contingency plans for militant action in the event of any attempt to impose redundancies on academic staff.

Fresh effort to house Turners

ſ MICHAEL THOMPSON-NOEL

ŁESH BID is to be made to ount problems of exhibit- pictures from the Turner ction in Somerset House. the time being the trustees ıe Tate Gallery have told Department of the Environ- that they are unable to ıt recommendatons in a ːt by Sir Hugh Casson for adapting Somerset House to accomodate the pictures.

Sir Hugh reported *that he saw* no particular problems in providing satisfactory heating, ventilation, lighting and security at Somerset House. But the trustees believe the building has too great a fire risk, and are dissatisfied with proposed humidity levels.

Lady Birk, Parliamentary Under-Secretary at the Department, asked Sir Hugh to make an independent report after representatives of the national collections (the Tate, British Museum, Victoria and Albert and Royal Academy) were unable to agree on the physical conditions needed for displaying the pictures.

Sir Hugh said that provided the unavoidable fire risk at Somerset House could be accepted, there were no technically insurmountable problems involved in displaying the Turners.

Lady Birk said yesterday: "I believe it is possible to overcome the difficulties over the display of Turner's paintings in Somerset House. I have written personally to Lord Donaldson, Minister for the Arts, Henry Moore, president of the Turner Society, and Sir John Betjeman, asking for their help in bringing about a solution."

etting shop umber rops slightly

Michael Thompson-Noel

TINUED rationalisation of betting industry is reflected ıres published by the Home ː yesterday, which show that number of licensed betting s and bookmakers with per- fell slightly this year.

ere were 13,863 licensed ng shops in Britain on 1, compared with 14,371 onths previously and 15,535 years ago. Bookmaker's its in force fell from 8,369 21.

e figures underscore the ng industry's move towards r retail outlets as a means tting costs.

tting Licensing Statistics for period ended May 31, 1976. e of Commons Paper 50; SO;

Psychiatric patients 'should have charter'

FINANCIAL TIMES REPORTER

A CHARTER on the rights and needs of psychiatric patients is among the main points the National Association for Mental Health would like to see in the White Paper on mental health being produced by the Department of Health and Social Security.

It also favours inclusion of a more effective complaints procedure and objective criteria for compulsory admission.

The association, replying to the department's consultative document, says that, when reviewing *the Mental Health Act 1959, the* ministry should note the substantial shift in professional opinion over patients' rights.

Its report, published yesterday lists 11 areas where the associa*tion feels that there is a need for* fundamental reform, from the burden of responsibility which has been placed on social workers, to the patients' access to the courts.

Tyne and Wear metro scheme gets go-ahead

BY IAN HARGREAVES, INDUSTRIAL STAFF

TYNE AND WEAR County Council received Government approval yesterday for completion of its 31-mile £176m. rapid transit metro system, incorporating British Rail lines and new track, some underground.

In making the announcement Mr. William Rodgers, Transport Secretary, made it clear that he had serious reservations about the wisdom of the project which was authorised by a Conservative Government in 1972.

He said: "If the metro did not exist and if £32m. had not already been spent, I doubt whether anyone would invent it in 1976. It was started in times that were more prosperous, and everyone is aware that in present economic circumstances it would be difficult to launch such a project."

The Government is committed to paying 70 per cent. of the costs of the project up to a ceiling of £161m. at November 1975 prices. If costs increase beyond that ceiling, or if operating losses exceed £5m. a year, the burden will fall directly on the ratepayers of Tyne and Wear.

The announcement comes after two months of haggling by the Department of Transport over the escalating costs of the venture and the apparent inability of the rail and bus unions to agree whose members should drive the new "trams."

It was only the establishment last week-end of a working party under the chairmanship of Mr Len Murray, TUC general secretary, to examine problems of manning and trade union representation which finally convinced Mr. Rodgers that he could recommend completion of the project.

Bearing in mind the latest round of cuts in the motorway programme (£80m. to 1979) announced in last week's mini-Budget, he was under fierce pressure from within his own Department and from the roads lobby to cut his losses on Tyneside.

Mr. Rodgers said he had balanced against the harsh economic arguments for stopping the scheme the need to boost morale and employment on Tyneside.

About 1,250 jobs were at stake now. Up to 1980, that figure would increase to about 7,500, taking in all the companies involved in contracts.

In any case, he said, it would cost an estimated £80m. to halt the project, and little less than that to freeze it temporarily.

He stressed that the Department would retain close control of the development as it released tranches of grant. "This is not the end of the story. The metro has been saved, now it must be made a success," he said.

Mr. Rodgers said he was particularly anxious that the TUC working party, which he described as "a very major step forward," should get to work quickly.

Tyne metro would provide a test case for the transport unions to show that they could work together to meet the technological change.

Directors held not liable for debts of stockbrokers

THE DIRECTORS and associates of the "hammered" stockbrokers Mitton Butler Priest were not personally liable for the company's debts and obligations, a High Court judge held yesterday.

Mr. Justice Foster dismissed, with costs, an action by the company's liquidators, Mr. Kenneth Cork and Mr. Ian Bond, seeking declarations that the 17 directors and associates were personally liable, without limit, for the company's debts and obligations during their association with it.

He said: "The company is a limited company and there is nothing in its constitution to make the directors liable for its debts.

"Similarly, I do not think that the signing of the liability notice (a personal guarantee binding members of the Stock Exchange) brought into existence any contract between a member who signed a notice and the company to pay all its debts and liabilities."

Mitton Butler Priest was a Partnership until 1970, when the Stock Exchange changed its rules to allow members to form limited companies, which themselves became members.

In March, 1974, the company and all 17 defendants were declared defaulters. Two months later the company went into creditors' voluntary winding-up and joint liquidators were appointed.

The judge said that under the rules of the Stock Exchange a defaulting member was obliged to execute a deed assigning all his property to the Official Assignee, who dealt with the defaulter's Stock Exchange commitments. Any surplus belonged to the defaulter or, if then he was a bankrupt, to his trustees in bankruptcy.

"I cannot conclude that the reference to the rules and regulations of the Stock Exchange (in the company's memorandum of association) makes the directors' liability unlimited," the judge said.

Air travellers face railway problems

FINANCIAL TIMES REPORTER

PASSENGERS TRAVELLING through Gatwick Airport, London, were warned yesterday that they could have problems reaching the airport on Christmas Day, Christmas Sunday and the early part of Boxing Day.

British Rail is not running trains on December 25 and 26 and so passengers were advised to ensure that they could reach the airport in time to make their flight.

Fewer than a dozen flights are expected to operate on Christmas Day, although Gatwick will be staffed to deal with any diversions, but on Christmas Sunday about 120 flights involving about 12,000 passengers are scheduled.

All airlines have been warned of the problem and are expected to make alternative arrangements for incoming flights.

The last train will leave Victoria for Gatwick at 11.36 p.m. on Christmas Eve.

Meanwhile, European shoppers continued to pour into London yesterday to buy Christmas gifts.

Many of the shoppers, who have been coming from Scandinavia, France, Germany, Switzerland, Austria, and Holland for the past week are on all-inclusive package deals, which include air fare and overnight hotel accommodation.

One Frenchman said he had been sent by his wife with a long shopping list of items to be bought from Marks and Spencer.

Austrian, Claus Jurgenese had flow into Heathrow to buy his three children toys and his wife a piece of jewellery. "With such a favourable exchange rate for the Austrian schilling I can afford to buy her the piece she wants, pay the customs duty and still be in profit."

British Airways is operating an extra 55 flights to and from Europe this week. An estimated 10,000 extra passengers are expected to fly with the airline. By Christmas Eve, said an airfport official, an estimated 375,000 passengers will have passed through the airport since last week-end.

Michael Donne writes: Foreign visitors taking advantage of the fall in the value of sterling to do their pre-Christmas shopping in the U.K. brought the number of passengers passing through British Airport Authority airports in the South East to a monthly record in November.

At Heathrow, the number of passengers totalled 1.7m., 16 per cent. up on November last year, while at Gatwick, traffic rose by 9.5 per cent. to more than 303,000. Stansted traffic grew by more than 71 per cent. to reach nearly 20,000, mostly charter traffic from Scandinavia

This traffic growth has continued in December, with the retail trade in London and the South-East reporting a high level of activity.

The Authority said that for all its seven airports combined (Heathrow, Gatwick, Stansted, Prestwick, Glasgow, Edinburgh and Aberdeen) passenger traffic last month amounted to more than 2.3m., or 14.4 per cent. more than in November, last year.

The Scottish airports, in particular, continued to show big increases in activity, as a result of the traffic for the North Sea oil and gas industry. Helicopter traffic at Aberdeen, for example, rose by 45 per cent. to exceed 18,000 passengers.

● The banks reminded people wanting to draw out money for Christmas to make sure of it soon. Banks close at mid-day on Friday.

'Restore Sunday post' plea

By Kevin Done, Industrial Staff

SUNDAY postal collections should be restored as soon as possible, according to a report submitted to the Post Office yesterday.

The Post Office Users' National Council, which has been leading the campaign for the return of Sunday collections, said: "At a time when industrial efficiency, export performance and meeting delivery dates are of particularly vital importance to national recovery, there is a strong case for the restoration of Sunday collections."

The Post Office suspended Sunday collections in May for an experimental 12-months. It estimated that this would save £8m in 1976-77.

It was part of a package of postal price increases and economy measures aimed at cutting last year's loss of £9.2m. on posts.

The Post Office has undertaken to reconsider its decision early next year.

The Council's report, based on more than 1,000 complaints from individuals and organisations about the suspension of both Sunday collections and late restricted collections in towns and cities, said the cuts were "hasty and ill-considered."

They had "far-reaching and unacceptable effects on standards of postal service," caused considerable inconvenience to private individuals and caused many categories of business users to suffer "serious financial losses."

'Pyramid' company told to wind up

GOLDEN CHEMICAL Products, the "Pyramid selling" detergents company, was ordered to be wound up yesterday.

The order was made in the High Court by Deputy Judge Michael Wheeler, QC, who, on December 9, had given the company until yesterday to offer undertakings to remedy the "very serious defects" he had found in its affairs.

Mr. Muir Hunter, QC, for the company, told the judge yesterday he could show no cause why it should not be wound up on a petition by the Secretary for Trade.

The judge took the unusual course of ordering that no part of the company's costs of defending the 35-day case should be paid from its assets in priority to the claims of the franchise holders—who were said to have contributed over £1m. to the company—and other creditors.

He also declined to make a costs order against four trade creditors and a number of franchise holders who had opposed the petition.

The judge said on December 9, that the affairs of the Hertfordshire-based company "cried out for investigation." He found that the company's real controllers sheltered behind its British officers.

Mr. Muir Hunter said yesterday that the company was appealing against an earlier decision of Mr. Justice Brightman that the power to petition for winding-up in the public interest was not exclusive to the Trade Secretary himself, but could be exercised by Trade Department inspectors.

The appeal was due for hearing shortly, and if successful the petition against Golden Chemical Products would be rendered invalid, added Mr. Muir Hunter.

John Player unveils its new racing car

BY BRIAN AGER

FIFTEEN MONTHS of research and development went into the John Player Special Mark III Formula One racing car which was unveiled in London yesterday.

The R and D team was set up by Colin Chapman's Team Lotus to work away from the pressures of day-to-day motor racing.

The result has been two versions of the Mark III—the result of improvements made during development. Chapman has kept away from any major innovations, such as six wheels.

Most of the work put into the car has been to improve aerodynamics and get as much power as possible down onto the track with the aid of aerofoils.

The car will be powered by the Cosworth Ford engine which is still used by the majority of Formula One teams and the drivers will be the same as last year—American Mario Andretti and Gunnar Nilsson of Sweden.

The team hopes to have more success than the last season—which ended on a high note with Andretti winning the Japanese Grand Prix.

Andretti, who has tested the car extensively at the Paul Ricard racing circuit in France, explained that the car in which he won in Japan would have been difficult to develop any further—but the new car had much greater potential.

That is why he is pleased that the Mark III has already proved as fast as the old car in testing.

Additional sponsorship for the team will come this year from the Valvoline Oil Company and NGK Sparking Plugs.

Savundra dies aged 53

DR EMIL SAVUNDRA, former head of Fire, Auto and Marine Insurance, which collapsed in the 1960s, died yesterday at his home in Old Windsor, Berkshire. It is believed that he had a heart attack.

Dr. Savundra, aged 53, was jailed for eight years in 1968 for his role in the insurance operation, which left thousands of motorists without cover virtually overnight.

He was released in 1974 and lived quietly with his wife in Old Windsor.

Dr. Savundra's empire crashed in July 1966 owing more than £2m. to 400,000 motorists.

He had sold his interest in the company shortly after the Sunday Times published the results of an investigation into the business—explaining that his action was because of ill-health.

Dr. Savundra left Britain. A firm of City accountants looking into the books found "certain irregularities."

The Ceylon-born doctor returned to Britain in January, 1967. After a 42-day trial he was jailed at the Old Bailey for conspiracy to defraud policy-holders of £600,000.

Judge King-Hamilton told Savundra: "It was your misguided genius which concocted the whole fraud."

After being sentenced, Savundra told the judge: "I can only say that I did my best and it has all gone wrong. If now it is judged that I have transgressed—so be it."

NATO air power 'is being outpaced'

By Michael Donne, Aerospace Correspondent

THE CONVENTIONAL forces of the Soviet Union and Warsaw Pact countries, particularly in the air, are growing faster than those of NATO, according to Mr. John W. R. Taylor, editor of Jane's All The World's Aircraft.

Mr. Taylor, writing in the foreword to the 1976-77 edition suggests that the Soviet manned interceptor-fighter force already numbers more than 2,600 aircraft, supported by more than 12,000 surface-to-air missiles, while its offensive force of front-line combat aircraft is substantially greater than this.

The three immediate requirements for the U.S. therefore, were to recognise that the Soviet backfire bomber was a major strategic weapon, to build the Rockwell B-1 bomber in quantity as its "wholly essential and uniquely flexible" counterpart, and to order as a matter of urgency replacements for its ageing F-106 Delta Dart interceptors.

Complacency

Mr. Taylor also gives a warning about complacency over the capability of the Soviet aircraft industry—based on "ill-considered reports" about the MiG-25 Foxbat fighter landed in Japan by a defecting Soviet pilot last September.

Many Press reports in the West suggested that this aircraft was not up to the standards of Western combat aircraft, because it contained a substantial amount of steel instead of titanium, carried an old-fashioned radar — and appeared to have a top speed of 2.8 times the speed of sound (Mach 2.8, or 1,850 mph).

This version of the aircraft was designed in the early 1960s. Subsequently it had been substantially updated.

"No other combat aircraft in the world flies at such a speed with four large missiles under its wings; and there is ample evidence that the reconnaissance version, with the same basic airframe and engines, but no missiles, can and does exceed Mach 3 (2,000 mph) as routine.

"Any dismay felt by the Soviet Government or Defence Ministry at having the MiG-25's secrets revealed must have been mitigated by the conclusions and reactions published by sections of the U.S. Press."

Jane's All The World's Aircraft, 1976-77: Jane's, Yearbooks, £25.

Machine tool industry aid scheme extende[d]

BY ADRIAN HAMILTON

THE DEADLINE for applications for machine tool industry aid assistance has been extended by the Industry Department from the end of this year to the end of next year.

The decision to extend the deadline, and with it the time within which projects have to be completed, came after the disappointingly slow start for the £20m. aid scheme. So far, 16 projects have been approved, committing the Government to about £3.2m. in aid for £19m. worth of investment.

In recent months, there have been signs that interest is increasing and there are now another 28 applications under consideration for a total investment value of £14m., involvi[ng] a potential aid commitment [of] £2.7m.

Even with the extension, ho[w]ever, it is doubtful wheth[er] all the money available w[ill] be committed, although [the] scheme has recently be[en] modified to make it attract[ive] to smaller companies.

The aim of the industry scheme, which is specifica[lly] tailored to the individual [cir]cumstances of industrial s[ec]tors, is to promote as renewal and new produ[ct] investment and rationalisati[on] of production facilities.

Two new schemes expected [to] be announced early next ye[ar] are for electronic compone[nts] and non-ferrous foundries.

Fall in wool textiles demand hits profits

FINANCIAL TIMES REPORTER

THE WORLD decline in demand for wool textiles resulted in a big drop in the U.K. industry's profitability in 1974-75, according to figures published yesterday by the National Economic Development Office.

A study of the results of more than 400 companies in the industry (mostly in Yorkshire and Scotland) shows that only 14 per cent. of those with assets of more than £500,000—156 companies—made profits of over 15 per cent. in relation to total assets. This compared with nearly a quarter of all companies in the previous year.

About a third of all companies had a return on assets of le[ss] than 5 per cent, compared wi[th] 9 per cent. in the previous ye[ar]. Average profits before tax a[nd] interest of companies with ass[ets] of more than £500,000 was 8.2 p[er] cent. against 12.7 per cent. [a] year earlier.

The figures, collected f[or] NEDO by Inter Company Co[m]parisons, show that the 404 co[m]panies still operating in 1974- had combined assets totalli[ng] £485m. and sales of £735m.

Finance and Profitability [in] the Wool Textile Industry. Ned Books, 1, Steel House, Toth[ill] Street, London SW1A 9LJ. £4.

Tote will give full service over holidays

THE TOTE will operate a full service of win, place, forecast, daily double and daily treble pools over the Christmas holidays, on New Year's Day and on Monday, January 3.

The only alteration will be on Monday, December 27, when the type of forecast pool (dual or straight) will be determined by the number of runners declared on-course at the 45 minutes stage.

After December 27, forecasts will be decided on the number of runners declared overnight.

Paper bag plan to beat shoplifters

A NEW SCHEME to beat t[he] shoplifters is being launched [by] the British Paper Bag Fede[ra]tion, following Department [of] Trade forecasts suggesting th[at] the bill for this year's shoplifti[ng] "deficit" could top £550m.

The system—already used [in] Scandinavia, where shoplifti[ng] is also a problem—requires sa[les] assistants to put a custome[r's] purchase into a paper bag, fo[ld] over the top of the bag a[nd] staple the till receipt on to t[he] fold.

LABOUR NEWS

Strike over Post Office cuts given go-ahead

BY OUR LABOUR STAFF

ELECTRICAL and Plumbing Trades Union yesterday re... its threat of a one-day ... by its members in the telecommunications industry.

The union is angry about the Post Office's intention to cut its orders for telephone equipment by £220m. in the next three-and-a-half years. It believes, with other unions that such a cut would mean the loss of between 10,000 and 20,000 jobs.

The strike move was given the go-ahead by the union's executive yesterday and will take place next month. Altogether there are more than 70,000 workers in the telecommunications manufacturing industry, mainly at GEC, Plessey and Standard Telephones and Cables.

The union was among several attending talks in London yesterday that asked Ministers to intervene with the Post Office over the cuts.

As a result the Government is trying to decide whether to agree to a proposal from unions and manufacturers that there should be an independent inquiry into the Post Office's market calculations—something which would have to be done rapidly if at all.

A statement after the meeting said Ministers had agreed to consider the Post Office's ordering in the light of the national interest and export opportunities.

Thinking

They also agreed to discuss marketing strategy with the Post Office to see if more business could be stimulated.

However, while they were thinking about the problem they could not step in and block the Post Office's run-down of ordering.

At the meeting were four junior Ministers—Mr. Gerald Kaufman and Mr. Alan Williams from Industry, one from the Employment and one from the Scottish office.

Mr. William Ryland, chairman of the Post Office and senior management from GEC, Plessey and STC were also there.

After the EPTU's executive meeting, Mr. Frank Chapple, general secretary, said: "It looks as if we will have to stop being the good guys. We have been trying to co-operate with almost every aspect and certainly we have been strong supporters of the Government."

Decision on print plan delayed

By Alan Pike, Labour Staff

A FINAL decision on whether one of the major newspaper industry unions continues to take part in the Programme for Action to introduce new technology will not be made until early next year.

Leaders of the National Graphical Association have been under pressure to withdraw from a proposed ballot of national newspaper workers on the programme following its near-unanimous rejection at a Fleet Street delegate meeting of NGA members last week.

Members of the union's news trade group Board, which represents its members in newspaper offices, met yesterday to consider how to proceed in view of the apparent hostility to the proposals.

Delegates at the Fleet Street meeting urged that the ballot should be scrapped, and that Mr. Joe Wade, NGA general secretary, should withdraw from the joint standing committee which drew up the Programme for Action, although a similar meeting in Manchester gave the plan a more mixed reception.

Views expressed at yesterday's news Board will be put before the NGA's decision-making national council, which will not now meet again until the New Year.

Unconstitutional

Mr. Les Dixon, union president, said yesterday that the national council would be in a position to make a decision on the Programme for Action, and it would be unconstitutional to discuss the contents of yesterday's meeting until the council met.

Print union leaders, including Mr. Wade, are recommending their members to support the Programme for Action, which contains recommendations for voluntary redundancy terms as existing jobs disappear with the introduction of new technology, in the ballot due next month. NGA members working in composing rooms would be severely affected by the change to computer-based technology.

It appears that some other union leaders who endorse the Programme for Action may also face difficulty in convincing their members to support it in the ballot. Fleet Street members of the National Society of Operative Printers, Graphical, Media Personnel also voiced hostility at a delegate meeting and there was a mixed reaction at a meeting of the other large union involved, the Society of Graphical and Allied Trades, although no vote was taken.

Building unions in Budget protest

Our Labour Staff

UNION LEADERS of building and civil engineering workers ... a formal protest to the Prime Minister and the Chancellor about the effects of last week's mini-Budget.

Mr. George Smith, general secretary of the biggest building union, the Union of Construction, Allied Trades and Technicians, ... not too ready to fall in behind the TGWU initiative, though ... that a protest be made. This is at least partly due to rivalry between the two unions, which recently surfaced in an argument about representation on national and regional joint committees.

A delegation from these two sectors of the industry may be arranged through the TUC Construction Industry Committee early next year.

Meeting

The first move came yesterday from the Transport and General Workers' Union, which is not the biggest in the industry, but has a big presence in civil engineering and building materials, where the cuts will bite hardest.

Mr. George Henderson, TGWU national secretary for the industry, asked Mr. Len Murray, TUC general secretary, to arrange a meeting with Ministers. He forecast a rise in building unemployment from its present 220,000 to 300,000 by the end of next year.

UCATT held a special national executive meeting yesterday and accepted a change in distribution of seats in these committees which will remove UCATT's overall majority, but not its numerical superiority.

The proposed solution is to increase from 12 to 16 the seats on the national joint council for the building industry. UCATT would get eight seats, the TGWU four, the General and Municipal Workers' Union two, and the Furniture, Timber and Allied Trades Union two.

Brighter prospect at Rubery Owen

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

HOPES WERE rising last night for settlement of the disputes which have hit production at Rubery Owen, the key vehicles component plant, in recent months.

Intervention by Mr. Albert Booth, the Employment Secretary, and Mr. Eric Varley, the Industry Secretary, appears to have broken the deadlock which centres on a sit-in by 60 electricians at the Darlaston plant in the West Midlands.

The two Minister have bounced the issue back to the local level urging talks between the Electrical and Plumbing Trades Union and management under the auspices of the West Midlands Engineering Employers Association.

The fact that the issue attracted the attention of the Government underlines the important role which Rubery Owen plays in supplying components to vehicle assemblers, particularly Leyland Cars.

The 2,700 Darlaston workforce has been warned that closure of the plant would be considered unless normal production was resumed by January 4. Such extreme action by the management would press the Government to seek a rescue package to ensure continuity of supplies to the vehicle industry.

Mr. Brian Mathers, regional secretary of the Transport and General Workers, was optimistic last night that it would be possible to bring together the three unions at the plant to form a common approach and avert the threat of a closedown.

A meeting will be arranged later this week between the TGWU, the Amalgamated Union of Engineering Workers and the EPTU under the auspices of the Confederation of Shipbuilding and Engineering Unions.

Industrial disputes have affected the Darlaston plant for the past nine months. Normal production has been possible on only three days. The electricians are demanding payment for time lost during a three-week strike by maintenance engineers.

Given the limits imposed by the current pay policy, Mr. Mathers hoped it would be possible to put together proposals which would go some way to removing the anomalies in the present Rubery Owen payment structure.

Strike stops Leyland's spare parts depot

BY OUR LABOUR STAFF

BRITISH LEYLAND'S main spare parts depot in Oxford has been brought to a standstill by a strike of 50 men.

More than 500 in the warehouse which feeds Leyland's worldwide network of distributors with replacement parts have been laid off indefinitely.

The 50 on strike met yesterday and decided to stay out. Their work is to select parts from the miles of racks in the warehouse. Their continued absence has had an increasingly crippling effect on activities.

The strike follows Leyland's move to reintroduce clocking-out at the end of overtime. This is being resisted by the workers, with the support of their trade unions.

The issue which began the strike ten days ago was the locking out of the 50 selectors one lunchtime. Although they had fulfilled their daily quota they received only half a day's pay.

● A personal letter giving a reassurance that Jaguar cars intends staying in Coventry was circulated yesterday by Sir Richard Dobson, Leyland Group chairman. It was distributed to nearly 8,000 workers at the two Jaguar factories there.

This follows recent strong criticisms by workers, union officials and councillors who feared Jaguar was quitting Coventry. Labour councillors joined in the speculation when various proposed extensions at the car assembly works were cancelled.

Bread supplies resumed but threat remains

HOUSEWIVES IN London and the South-East were given a reprieve over bread supplies yesterday after a meeting between rebel salesmen and union chiefs.

Roundsmen had again threatened to boycott those supermarkets which want to sell bread at less than 18p.

After yesterday's meeting between officials of the United Road Transport Union and rebel shop stewards representing London and the South-East, it was announced that there would be normal deliveries to-day.

Employers 'defy pay law'

BY OUR LABOUR STAFF

NEARLY ONE third of the 4,000 employers covered by Wages Councils are paying below the minimum levels laid down by law, the Low Pay Unit claimed. The unit says that almost £1m. has not been paid to employees by employers who are flouting the Wages Council rates.

Although the unit welcomes the initiative launched this year by the Department of Employment against low wage payers, it claims that this will have only a marginal effect. "Tough measures are needed if employers are to be made to face up to their responsibilities," it argues.

APPOINTMENTS

Furness Withy Group chief executive

Mr. Brian P. Shaw has been appointed to the newly created post of managing director and chief executive of the FURNESS WITHY GROUP from January 1. Sir E. B. Spencer will resign from the Board of Furness Withy and company at the end of this year. Mr. Shaw has been a member of the Furness Withy Board since 1973. He is chairman of Shaw Savill and a director of other principal shipping companies in the Furness Withy Group. Among outside appointments he is a director of Overseas Containers, New Zealand Line and the National Bank of New Zealand.

★

Mr. C. G. H. Clark, Mr. R. C. Macadam and Mr. S. J. Unwin have been appointed to the Board of KLEINWORT BENSON, merchant bankers, from January 1.

★

Mr. P. G. Cordrey, Mr. B. N. Hurst and Mr. W. S. Lovell have been appointed local directors of ...NGER AND FRIEDLANDER from January 1.

★

SCHRODERS confirms that Mr. James D. Wolfensohn will be leaving the group from February 1 and will be joining Salomon Brothers in New York as general partner.

★

Mr. D. M. Shalit has resigned from the Board of merchant bankers CHARTERHOUSE JAPHET.

★

Mr. M. E. Kelsey has become managing director of SEALED MOTOR CONSTRUCTION. At the same time Mr. R. W. Addicott (chief engineer), Mr. A. Maddison (works manager), Mr. G. J. Filer (product manager), and Mr. R. R. Walker (commercial manager) have all been elected to the Board.

★

Mr. Graham Young, group chief accountant, is also to become secretary of WHEWAY WATSON HOLDINGS on January 1. From that date Mr. George Fellows, Mr. Donald Firth, Mr. Trevor J. Davies, Mr. Derek T. Brant and Mr. John J. McGeoch will become directors of Wheway Watson (ME) and Mr. Robert S. Byers will be secretary of that company.

Mr. Harry W. Easterbrook, chief executive of the Crawley Works of Felco Hoists has been appointed a director of that concern. Mr. Robert P. Newbigging and Mr. William N. Ward have resigned as directors of Wheway Watson (ME) and Felco Hoists.

★

The BRITISH INSURANCE ASSOCIATION states that Mr. K. G. Addison is to become chairman of the Associated Insurers (British Electricity) Management Committee and Associated Engineering Insurers (British Electricity) Management Committee from January 1 on the retirement of Mr. H. P. Durant. Mr. J. Tait is to be deputy chairman on the resignation of Mr. C. W. West. Mr. R. I. Sloan has been appointed chairman of the British Insurance (Atomic Energy) Committee and he will be succeeded as deputy chairman by Mr. S. R. Tattersall.

★

Mr. Richard Ringwald, chairman of Laporte Industries and a director of Staveley Industries, has been appointed to the Board of BRENTNALL BEARD (HOLDINGS), the holding company of the Brentnall Beard Group of insurance brokers.

★

Mr. Norman Haveland is to join the Board of H. CLARKSON (AVIATION INSURANCE) from January 1.

★

Mr. Bryan Hern has been appointed director of the newly created GLASS AND GLAZING FEDERATION. The Federation will represent over 400 companies involved in the processing, selling and installing of flat glass in all its forms.

★

From January 1 the duties of managing director, ITT CREED, will be assumed by Mr. Dennis Kennedy, in addition to his present appointment as director and general manager of ITT Business Systems U.K. He succeeds Dr. Frank W. Stoneman, who has retired.

★

Mr. Duncan Campbell has become managing director of HAZELLS OFFSET from January 10. He succeeds Mr. Hugh Disney who is leaving the corporation. Hazells Offset is a member of the Sun Group, one of the divisions of the British Printing Corporation.

★

Mr. O. N. Koulikov has been appointed chairman of MOSCOW NARODNY BANK following the retirement of Mr. S. A. Shevchenko.

★

Mr. C. J. R. Lasper is to become group international legal adviser of MIDLAND BANK in succession to Mr. F. R. Ryder, who retires on December 31 to practise at the Bar. At the same time, Mr. C. Barkin, staff manager (international), will become an assistant general manager (international). Mr. M. J. Fuller is to be group public relations adviser from the beginning of next year in place of Mr. R. F. R. Owen, who has retired. Mr. Fuller is at present manager of Victoria Street, Westminster branch.

★

Mr. Philip Kearney has been appointed managing director of SPICER-ESM, the new company which comes into being on January 1, bringing together the interests of Spicer-Cowan (Ireland) and ESM Paper Company. Since October Mr. Kearney has been deputy managing director of each of those companies.

★

Six vice-chairmen have been appointed by the European Trade Committee—one of the area advisory groups of the British Overseas Trade Board. They are Sir Jan Lewando, a member of the British Overseas Trade Board, Mr. Edward Payne, with special responsibility for consumer goods, Mr. Rex Bate, for the European Components Service, Mr. B. N. Preston, for capital goods, Mr. F. J. Briggs, for consumer durables and Mr. E. J. W. Hellmuth, for invisibles.

★

The MINISTRY OF DEFENCE announces that Lieut-Gen. Sir Hugh Beach is to be Master-General of the Ordnance in the rank of General in May in succession to General Sir John Gibbon, who is to retire. Major-General Peter Hudson, Chief of Staff, H.Q. Allied Forces Northern Europe, is to be Deputy Commander-in-Chief United Kingdom Land Forces as a lieutenant-general in March in succession to Lieut-General Beach.

★

Mr. Desmond Misselbrook will become chairman of SEAFORTH MARITIME from January 1 in place of Mr. Iain Noble, who is resigning the chairmanship, because of other business commitments, but will remain on the Board.

★

Mr. Francis Burne has been appointed managing director of M. Knoedler and Co. and also an associate director of M. Knoedler and Co. Inc. from January 1.

★

Mr. William Bell has been appointed non-executive chairman of SCOTTISH DISCOUNT in succession to Mr. R. B. Dick who continues as a director as does Mr. John Short. Also Mr. E. J. Gray (general manager), Mr. J. C. L. Cunning and Mr. R. N. McIntyre become executive directors.

★

Mr. Peter Johnson has been appointed chairman of CRADLE RUNWAYS, part of the OCS Group. Mr. Johnson is already chairman of two other OCS Group companies, Metal Window Fabricators and Beanes Metal Windows.

★

Mr. P. McGarran has been appointed to the Board of SCAN, the Stockmarket Computer Answering Network, which is a member company of the CRC Group, a consolidated ICFC subsidiary.

NOTICE OF REDEMPTION

International Standard Electric Corporation

8¼% Sinking Fund Debentures, Due 1986

NOTICE IS HEREBY GIVEN, that pursuant to Section 3.02 of the Indenture dated as of February 1, 1971 between International Standard Electric Corporation and Bank of America National Trust and Savings Association, Trustee, (the "Indenture"), $3,000,000 principal amount of International Standard Electric Corporation 8¼% Sinking Fund Debentures due 1986 (the "Debentures") have been called for redemption on February 1, 1977 (the "Redemption Date") through the operation of the Sinking Fund at 100% of the principal amount thereof, together with interest thereon at the rate of 8¼% per annum to the Redemption Date. Pursuant to Section 3.06 of the Indenture, the Trustee has selected for redemption on February 1, 1977 the following Debentures, to wit:

$1,000 COUPON DEBENTURES, EACH BEARING THE PREFIX LETTER "M"

11	1556	3048	4536	5905	7443	8879	10473	11890	13274	14688	16299	17903	19257	20597	22158	23584
12	1567	3049	4562	5909	7449	8890	10478	11891	13275	14696	16322	17904	19263	20603	22160	23588
17	1575	3054	4580	5924	7450	8897	10481	11894	13276	14699	16324	17906	19291	20605	22166	23594
41	1592	3059	4585	5942	7460	8902	10498	11896	13284	14700	16331	17923	19294	20625	22172	23597
42	1600	3083	4594	5943	7461	8909	10500	11900	13291	14723	16333	17946	19310	20641	22181	23620
50	1607	3084	4595	5944	7464	8910	10501	11909	13298	14728	16335	17959	19327	20647	22190	23622
55	1608	3092	4596	5971	7480	8916	10502	11915	13304	14729	16346	17976	19329	20655	22201	23640
61	1620	3105	4597	5982	7481	8934	10524	11933	13315	14755	16347	17986	19330	20656	22209	23644
72	1629	3110	4599	5998	7485	8939	10530	11939	13327	14794	16360	17992	19331	20659	22222	23646
75	1651	3113	4600	6001	7487	8946	10531	11948	13351	14796	16362	18012	19333	20665	22228	23657
87	1683	3115	4671	6007	7491	8948	10536	11960	13354	14805	16387	18021	19335	20668	22233	23680
95	1688	3117	4672	6012	7495	8951	10545	11969	13361	14815	16390	18040	19342	20678	22248	23693
99	1715	3129	4678	6041	7496	8970	10566	11972	13362	14827	16412	18044	19343	20680	22250	23697
109	1727	3134	4679	6043	7515	8980	10568	11983	13373	14863	16427	18076	19344	20695	22251	23701
112	1733	3136	4681	6045	7517	8985	10570	11993	13386	14880	16433	18082	19347	20711	22254	23720
129	1738	3144	4692	6052	7518	9002	10577	11995	13388	14896	16438	18086	19365	20733	22279	23733
135	1742	3149	4694	6059	7523	9009	10593	11998	13390	14897	16447	18091	19367	20740	22283	23736
137	1755	3177	4695	6063	7541	9010	10595	12000	13393	14912	16455	18093	19368	20746	22286	23739
145	1756	3197	4685	6076	7542	9032	10597	12013	13399	14916	16460	18094	19389	20755	22295	23803
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1529	3037	4498	5888	7423	8843	10459	11888	13233	14682	16272	17888	19236	20575	22154	23553	
1546	3043	4507	5897	7434	8845	10469	11889	13249	14687	16292	17895	19238	20583	22155	23567	

On February 1, 1977 the Debentures designated above will become due and payable and are required to be presented and surrendered for redemption and payment on or after said date at any of the following places of payment:

CITIBANK, N.A. 111 Wall Street New York, N.Y. U.S.A.	Credito Italiano Milan, Italy	Banque Generale du Luxembourg S.A. Luxembourg	Bank of America National Trust and Savings Association, London, England
Algemene Bank Nederland N.V. Amsterdam, Netherlands	Banque de Bruxelles S.A. Brussels, Belgium	Deutsche Bank Aktiengesellschaft Frankfurt/Main Federal Republic of Germany	Banque Nationale de Paris S.A. Paris, France

The Debentures must be accompanied by all interest coupons appurtenant thereto maturing after February 1, 1977.

Interest on the Debentures so called for redemption shall cease to accrue from and after February 1, 1977, and the interest coupons appurtenant thereto maturing after said date shall be void.

International Standard Electric Corporation

Dated December 22, 1976

by Bank of America National Trust and Savings Association, Trustee

PARLIAMENT

Prentice explains his doubts over Government policies

BY JOHN HUNT

A CALL for a new quality of leadership from the Government and from politicians generally was made by Mr. Reg Prentice in the Commons last night shortly after his resignation as Minister of Overseas Development.

He coupled this with a demand for an end to the "party war games" in the Commons and a more collective, inter-party approach to the complex problems facing the country.

Mr. Prentice, a leading Labour moderate, was listened to with rapt attention by MPs on both sides of the House who had flocked into the chamber to listen to him during the debate on the Chancellor's latest package of economic measures.

A strong vein of criticism of Government policies ran through his speech and he suggested that Mr. Denis Healey, the Chancellor, was constrained in his policies by what he thought the TUC would tolerate.

In his speech Mr. Healey gave possible figures for unemployment in the coming years in the light of his latest economic package. But he made it plain that he could give no firm targets for containing unemployment.

Once again, he laid heavy stress upon the possibility of a reduction in income-tax in the spring Budget if the next stage of the social contract was satisfactorily settled with the unions.

For the Conservatives, Sir Geoffrey Howe, shadow Chancellor, immediately seized on Mr. Healey's remarks about job prospects as a sure sign that the Government had abandoned its target of getting unemployment down to 3 per cent. by the end of 1979.

Mr. Prentice told the House that he had had doubts about a number of Government policies for some considerable time and also about how decisions had been arrived at. Too often, the Government had made decisions as a reaction to pressure rather than on the merit of the case.

The politics of the House had become increasingly irrelevant to the problems facing the country and were seen as such by people outside. The electorate was increasingly doubtful which party, if any, deserved their support.

This growing disenchantment had become more intense during the past year as the Government had persisted in forcing through the House many controversial and irrelevant measures which did not command the support of the majority of British people.

Turning to the economic passage, he emphasised that he was in favour of expenditure cuts but was critical of the way it had been done. He predicted that the present cuts were merely a prelude to more savage reductions in the years ahead.

He argued that the Government was wrong to make a further cut in defence, particularly as the armed forces had already been pruned as a result of the Government's earlier defence review. In addition, he thought that the cut in his own Department—overseas aid—had been excessive.

On the domestic cuts, he maintained that the Government had chosen wrongly by making reductions which would hit construction programmes rather than the social services. Capital investment in the health service and education were already too low and the Government had made matters worse by successive cuts.

Opening the debate, Mr. Healey said that Government unity and cooperation with the unions was "bruised but unbroken" after one of the most testing recessions since the war.

The Government had faced the problem of cutting the public sector borrowing requirement without hitting at either the

Mr. Reg Prentice

social contract or the economic strategy.

"It would have been impossible to give full satisfaction to some sections without outraging some other section whose support is equally necessary to our success." He was aiming at a climate where industry and others could look forward to falling interest rates.

Mr. Healey insisted that the IMF agreed with the Government that measures so far taken were "appropriate." If the Government had made the cuts mainly in public sector manpower, it would have had to make very much greater cuts in public spending overall.

This would have brought less benefit to the balance of payments and would have unnecessarily added to the increase in unemployment, already tragically high.

To cut the PSBR exclusively by public service manpower would have thrown an additional half a million men and women on to the dole queues by the end of 1977. The cuts he had made would increase unemployment by only 30,000, and this figure was offset by aid to jobs and industry.

Mr. Healey said that the Government, through a very large public sector borrowing requirement, was financing employment by spending £1 for every 80p it received in taxes and revenue.

He warned Left-wing Labour MPs, concerned about unemployment in the construction industry, that smaller cuts in public spending on construction would have meant reductions in social security spending. "MPs who regret the cuts in construction must ask themselves whether they would have preferred to find savings in this area."

Mr. Healey said that public expenditure cuts hurt. "That is why we never cut without the most agonising consideration."

If the Government had failed to take the measures of last week, there would have been a further plunge in sterling and increase in interest rates, and inflation would have gone through the roof. The social contract would have collapsed.

The prospect for unemployment, although not catastrophic, remained very disturbing. Excluding school leavers, the workless had increased by 10,000 a month in the last two months.

"It is likely that the number of unemployed will continue to increase in the coming year, if only because the number of men and women available for work looks like increasing by about 750,000 over the next five years, a rate of 12,000 a month, so we shall have to run very hard even to stay in the same place," the Chancellor declared.

Of next Spring's Budget, Mr. Healey said incentives were needed if we were to reverse our post-war decline. "It has become essential to reduce the burden of direct taxation," he said to cheers from the Opposition.

This had to be done, he added, without raising the public sector borrowing requirement above the level set in the Budget. It also depended on the right pay policy after the end of the present agreement next July.

Howe seeks reason for new objective

Sir Geoffrey Howe, shadow Chancellor said Tories were concerned to know why they should accept Mr. Healey's view that the right measures had been taken when he had taken a different view in the last July and February Budgets.

Referring to Mr. Prentice's resignation, Sir Geoffrey said the Minister was also concerned about the Chancellor's judgment.

Sir Geoffrey: "When this judgment can cause concern, then we are entitled to press the Chancellor very hard." He called on Mr Healey to explain why there had been what he called a fundamental shift of policy from reducing unemployment to monetary objectives.

Sir Geoffrey said there was "a sense of humiliation and shame" that it was only at the hands of the IMF that the Chancellor had learned the lesson the Tories had been trying to teach him. Only 15 months ago, he had said how terrible it would be if we were to fall into the hands of the IMF.

Commenting on the Government's industrial strategy, Sir Geoffrey said: "What they are learning painfully, and should be learning far more quickly, is that the pound left in the industrialists' pocket as a result of lower taxes does far more good than the pound placed in somebody else's pocket from taxes that are far too high."

The Chancellor had moved "some way in the right direction" in recognising the need for substantial public spending cuts. "But he has done none of the many other things that he could, and should, have done to revive the depressed spirits and latent talents of the people of this country."

Sir Geoffrey argued it would be better to save money by cutting housing subsidies rather than construction manpower. Over one million local authority tenants earned over £80 a week. This would be better than to destroy the construction industry and tens of thousands of people in it.

Conservative judgment on the package was, "Thank heaven, belatedly but, at last, the Chancellor has realised the importance of controlling money supply and getting public spending under control," Sir Geoffrey added.

Minister calls for patience in Iceland row

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT yesterday refused to abandon hope of reaching a fishing agreement with Iceland in resumed negotiations to be held next month.

Amid expressions of anger, frustration and gloom in about equal proportions from both sides of the Commons, Dr. David Owen, Minister of State, Foreign Office, urged patience on MPs who wanted retaliatory action against Iceland for the continued ban on British trawlers.

Reporting on the stalemate ending earlier this week of the EEC-Icelandic negotiations, Dr. Owen insisted: "This is not a breakdown." Mr. Gundelach, the Brussels Commissioner, who had conducted the negotiations, intended to go on working for a settlement.

The Foreign Ministers' Council of the EEC had agreed that Mr. Gundelach's report gave great cause for concern, said Dr. Owen. "We are going to have to resume patiently the negotiations in the hope that when the Icelandic Parliament re-assembles (on January 24), we will reach an an agreement.

"It is no wise at this stage to threaten or ascribe faults. What we need is patient negotiation within the Community to reach agreement and I am not unhopeful that we will reach an agreement," the Minister told MPs, who had made clear their indignation at recent events.

But Labour anger turned against the Tories when Mr. John Davies, from the Opposition front bench, blamed the failure to get an agreement on the "extraordinary dilatoriness of the Government in getting to grips with the problem."

It would cause consternation and dissatisfaction everywhere, declared Mr. Davies. In his view, it would be practically impossible to complete negotiations in a single month. Amid growing fury from the Government backbenches, he maintained that Ministers had achieved the worst of all possible worlds.

Labour MPs shouted "No," when the Opposition spokesman contended that a precedent had been created which would r[illegible] the U.K. to adopting a syst[illegible] catch limitation whereas whole country had been u[illegible] other means of defining fi[illegible] limits.

"You have made an i[illegible]perate statement," Dr. [illegible] retorted to Mr. Davies. Government had not preju[illegible] the future nor had it preju[illegible] the right to take non-disc[illegible]natory conservation meas[illegible] The talks had not reach[illegible] breakdown either with the [illegible]munity or with Iceland.

But the Foreign Mini[illegible] Council had decided tha[illegible] would not be possible to [illegible] agreement on interim mea[illegible] for an internal EEC fish regime, as suggested by Commission, until greater cl[illegible] emerged as to how much would be available both i[illegible] and outside the waters member States.

The Council had there agreed to a standstill arra[illegible]ment for the month of Jan[illegible] without prejudice to the pos[illegible] of any member State on the [illegible]tent of a future fisheries reg[illegible]

For the Liberals, Mr. Grimond, said conservation the present system of q[illegible] limits was unacceptable. It esesntial to fix a national [illegible] of 50 miles, he maintained.

Dr. Owen said the Governr[illegible] had insisted on the right to non-discriminatory measures necessary on a national b[illegible] He assured Labour backbenc[illegible] that the standstill would affect the U.K.'s coastal polic[illegible]

The Minister assured [illegible] backbenchers that there wa[illegible] prospect of Iceland fish b[illegible] landed at major ports pen[illegible] negotiations.

Mr. Hamish Watt, (S[illegible] Banff), claimed the agreen[illegible] would lead to all-out fis[illegible] during January by all [illegible] boats. He urged the Ministe[illegible] set a date when Britain w[illegible] declare a unilateral 50 [illegible] limit.

Mr. Davies discounted the [illegible] that over-fishing was at all li[illegible] to occur during January.

Airship patrol of limits urged

THE GOVERNMENT is to look into the possibility of using airships to patrol Britain's extended fishery limits. Lord Peart, Leader of the Lords and former Agriculture and Fisheries Minister, agreed in the Lords yesterday to consider the suggestion by Lord Balfour of Inchrye (C).

Lord Balfour said that airships could be a positive answer to the problem of providing [illegible] efficient form of air patrol of seas at low cost.

During the debate on the [illegible] which extends British fis[illegible] limits to 200 miles, he sai[illegible] was often the case that Bri[illegible] patrol vessels were too s[illegible] while the Nimrod aircraft too fast for the job.

Lord Peart promised to re[illegible] back to peers after consultati[illegible]

2m. jobless by 1980 'a grave over-estimate'

PREDICTIONS OF 2m. unemployed by the end of the decade "gravely over-estimate the position," Mr. Albert Booth, Employment Secretary, told MPs yesterday.

He was commenting on a paper submitted to a Commons expenditure sub-committee by its economics advisor, Mr. Terry Ward, of the Department of Applied Economics at Cambridge University.

Mr. Booth said: "Estimates carried out in my Departme[illegible] and the information being c[illegible]lected to make them, would in[illegible]cate that the figures must [illegible] subject to an enormous mar[illegible] of error."

Mr. James Prior, shad[illegible] Employment Secretary, told [illegible] that the only Christmas bo[illegible] the Government had provid[illegible] for the country was the high[illegible] unemployment figures since [illegible] war. "A much better bonus [illegible] the country would be for [illegible] Government to get out," he sa[illegible]

Japanese car talks planned

FURTHER TALKS are to take place between the British and Japanese car industries early next year on Japanese imports, Mr. Michael Meacher, Trade Under Secretary said in a Commons written reply yesterday.

The Minister told Mr. George Park (Lab., Coventry NE) that he was looking forward to continuing an effective restraint on imports into Britain from Japan.

Domestic credit expansion

DOMESTIC CREDIT expansion on the new definition was £4bn. at an annual rate in the second half of the financial year 1975-76 and £10.8bn. at an annual rate in the first half of the financial year 1976-77.

These figures were given by Mr. Denzil Davies, Treasury Minister of State, in a written reply in the Commons yesterday.

Solar energy

THE DEPARTMENT of Energy is to provide £37,800 over three years to University College, Cardiff, to develop and test solar heating and cooling systems as part of the International Energy Agency's solar energy programme.

Sproat plans renewed campaign after privileges ruling

BY RUPERT CORNWELL, LOBBY STAFF

THE CONSERVATIVE Party seems set to step up its attacks on Left-wing infiltration into the Labour Party following yesterday's decision of the powerful Commons Privileges Committee that such accusations against individual MPs were not a breach of Parliamentary privilege.

The committee was ruling on complaints about statements by the Tory MP Mr. Iain Sproat, and the moderate Social Democratic Alliance pressure group, that around 30 Labour MPs held extremist totalitarian views. The affair was referred to the committee by the Speaker after a Commons vote.

Although it criticised the language employed, the report refused to look further into the truth of the allegation on the grounds that they did not interfere with the working of Parliament.

It is now up to individual MPs named to take legal action if they wish.

Mr Sproat, whose statement in mid-November that around 30 Labour MPs held Trotskyist and Communist views and were "little less than agents of alien political creeds," started the row, could not conceal his delight over the committee's finding.

He urged the Prime Minister to set up a special committee—perhaps chaired by Sir Harold Wilson, he suggested archly—to see just how far Labour had been infiltrated. Meanwhile, he would continue his fight to expose the truth and produce evidence of links between MPs and the extreme Left.

The committee argued in its report that Parliamentary privilege should only be invoked in the most extreme cases if its effect would be to discourage free speech outside the House on the conduct of national affairs.

It also called for a thorough review of earlier recommendations on privilege set out eight years ago, which emphasised that these powers should be used only very sparingly, and not in cases beneath the dignity of Parliament.

Despite a vigorous counter-attack led yesterday by the Prime Minister over infiltration into the Tory Party, Labour's own embarrassment over the Andy Bevan affair continues to grow. Yesterday, the party's controversial new youth officer held a meeting at Transport House with the national agent, Mr. Reg Underhill.

But the rift over his appointment within the Labour hierarchy is as wide as ever and Labour agents seem certain to carry out their threat to "black" the self-confessed Trotskyite. Mr. Bevan is due to take up his post immediately after the Christmas recess.

Callaghan accused of McCarthy tactics

THE PRIME MINISTER was accused of a "McCarthy-type attack" in a clash over support for the National Association for Freedom in the Commons yesterday.

The row began when Mr. Nicholas Ridley (Con. Cirencester and Tewkesbury) asked Mr. Callaghan to look into efforts to stop tax evasion by self-employed builders.

Mr. Callaghan replied: "There are a number of things which ned looking into, including why you are backing the National Association for Freedom."

Mr. Dennis Skinner (Lab., Bolsover) claimed there had been "revelations in the Press that not only have the NAFF got on to the Tory front bench but that the CIA are helping to run the NAFF."

Mr. Callaghan should look at the fact that NAFF director Mr. Robert Moss, apart from having books published by a subsidiary of the CIA, also acted as speech writer for Mrs. Thatcher, Mr. Skinner declared.

Mr. Callaghan: "I have commented before on the infiltration of the Tory front bench and now we are getting some practical examples of it."

Mr Winston Churchill (C., Stretford) exclaimed: "Before the Prime Minister indulges further in his McCarthy-type attack, he should be made aware of the fact that writs are to-day being issued in respect of those unfounded allegations made on the BBC and in the Guardian."

Mr. Callaghan replied: "The Christmas spirit has arrived a little early. I was hoping, when I dangled the bait, to catch a rather good size fish. Unfortunately, I only attracted a tiddler."

Written Answers

TREASURY

Mr. Dudley Smith (Con, Warwick and Leamington). What is the estimate of the number of sixpences still in circulation?

Mr. Denzil Davies, Minister of State. The number in active circulation is not known, but there are estimated to be about 180m. outside the Mint.

*

Mr. Jerry Wiggin (Con, Weston Super Mare). Why the October issue of 'Economic Trends" was not published until Wednesday, December 1. When will the November and December issues of that publication be available? Whether there will be swifter publication during 1977?

Mr. Davies. The October issue of Economic Trends was published on November 26. The exceptional delay in its publication resulted from difficulties with printing arrangements. Consequent problems have also delayed the November issue which was publish on December 9 and the December issue which the Central Statistical Office expects to be published on January 12. The Central Statistical Office hopes that publication will return to the normal end-of-month basis during 1977.

*

Mr. David Mitchell (Con., Basingstoke). What is the latest figure available as to the proportion of VAT which is obtained from companies with an annual turnover of £50,000 or less? What is the number of sole traders and companies with an annual turnover of £5,000 or less which have elected to be involved with VAT? How many of these are net contributors and how many net recipients of tax?

Mr. Robert Sheldon, Financial Secretary. In the financial year 1975/76 receipts less repayments of VAT from registered companies with taxable turnover less than £50,000 a year were about 1½ per cent. of net VAT revenue. There are about 80,000 persons with taxable turnover less than £5,000 a year registered for VAT. Rather more than half of them only received repayments or received amounts of repayments during the year which exceeded their payments of tax.

TRADE

Mr. Peter Fry (Con., Wellingborough). What steps are to be taken over the import of shoes into the U.K. bearing in mind that the period January to June 1976 shows an increased share of the total market of almost 6 per cent.?

Mr. Michael Meacher, Under-Secretary. Steps have already been taken to restrain those imports which raise the most serious problems for the footwear industry, but we are ready to consider what further action might be necessary. But I would point out that about three-quarters of the increase was accounted for by imports of rubber plastic and textile footwear from the Far East. This in turn reflected sharp increase in demand for such footwear which the U.K. industry was unable to meet to any substantial extent.

PRICES

Mr. John Osborn (Con., Hallam). What action will be taken in the consumers' interest to protect the public against liability for damage to their private cars in car washing machines?

Mr. John Fraser, Minister of State. Exclusions of liability in such cases will be dealt with in the legislation based on the Law Commission's 2nd Report on Exemption Clauses (HC 605) which I hope to introduce at a suitable opportunity.

Customs returns up nearly 25%, smuggling increases

BY STUART ALEXANDER

DUTY COLLECTED by the Customs and Excise in the 12 months to March 31, rose nearly 25 per cent. on 1974-75 to more than £9.2bn. in spite of a fall in the consumption of oil, tobacco and spirits.

Against a background of lower gross domestic product, consumer spending, and employment levels, Budget increases in alcohol and tobacco duties ensured that revenues rose. The extension of value added tax and the constant increases in the prices of new cars ensured that buoyancy was maintained.

The report of the Commissioners of Customs and Excise, published yesterday, said this led to an increase in the amount of smuggling and in the number of people trying to take money out of the country illegally.

VAT was by far the highest revenue earners. The general rise in prices meant that linked taxes ensured greater returns.

Further harmonisation with the EEC took place during the year and will continue this year and next, with particular effect on oils, wines, spirits and tobacco.

Consumption of tobacco fell 7.5 per cent. compared with 1974-75, but receipts were up more than 25 per cent. Of the total revenue of £2.47bn. from tobacco, more than £793m. was paid back to the manufacturers for exports and wastage. Of the net £1.68bn. revenue from tobacco about £164m. came from imports.

Net receipts from alcoholic drinks were also up. Consumption of beer and wine rose 0.8 per cent. and 0.9 per cent. respectively but sales of spirits fell 1 per cent. to 32.1m. gallons. Exports rose 1 per cent. to 90.6m. gallons.

67th report of the Commissioners of Her Majesty's Customs and Excise for the year ended March 31, 1976. Command No. 6694. HMSO £3.15.

MAIN SOURCES OF CUSTOMS REVENUE

	£m.
Value added tax	3,454.9
Tobacco	1,679.3
Alcoholic liquor	1,563.0
Hydrocarbon oil	1,541.9
Protective duties	573.3
Betting and gaming	265.0
Car tax	180.0

Fishing stalemate worries food men

FROZEN FOOD producers a[illegible] becoming increasingly concern[illegible] by the apparent stalemate [illegible] EEC negotiations with Iceland [illegible] access for fishing and in t[illegible] delay in reaching agreeme[illegible] between EEC members on fishi[illegible] rights on the European co[illegible]tinental shelf.

Mr. Ernest Hall, chairman [illegible] the U.K. Association of Froz[illegible] Food Producers, said last ing[illegible] try took about one-third of t[illegible] fish landed in the country.

"It was of the "utmo[illegible] urgency" that the distant wat[illegible] trawler fleets should be able put to sea again as soon as po[illegible]sible if supplies are not to [illegible] interrupted and if tohse depe[illegible]dent on the industry are not [illegible] suffer.

Equally important for th[illegible] longer term was agreement o[illegible] conservation measures for th[illegible] European continental she[illegible] which alone could halt the pr[illegible]gressive depletion of stock through over-fishing by foreig[illegible] vessels.

Stocks are less than sufficie[illegible] to meet the present demand i[illegible] the Community for fish, let alon[illegible] to permit the negotiation of e[illegible] change arrangements, warne[illegible] Mr. Hall. Strict conservatio[illegible] measures were needed.

The critical situation must b[illegible] recognised by our politic[illegible] negotiators and the Governmen[illegible] says the association.

Battery makers accept plan to curb profit

BY MAX WILKINSON, INDUSTRIAL STAFF

MALLORY AND Ever Ready, the dry battery makers, have accepted suggestions from the Monopolies Commission intended to curb their profits.

Mr. John Fraser, Minister for Prices and Consumer Protection said yesterday in a Commons written answer that the undertakings from Mallory had reduced the price of batteries by 28 per cent. since October 1, compared with what they would have been.

As a result of the Commission's report, Mallory had agreed to forgo two price increases of 16 per cent. and 19 per cent. which would have been justified under the Price Code.

The Commission's report, published in November, 1974, found that Mallory was making excessive profits on its sales of photographic batteries, and said that prices should be reduced accordingly.

No formal recommendation was made about Ever Ready's profits, except that the company's prices should be kept under review by the Office of Fair Trading.

Ever Ready has agreed to keep the Office informed about prices and profits on sales of batteries. Both companies are printing more information on their batteries about the uses for which they are designed.

Mr. Rogers said that he did intend to implement the Monopolies Commission recommendation that batteries should be date-stamped. The companies said that that would involve considerable expense and he wa[illegible] satisfied that the risk o[illegible] customers obtaining a stale battery was slight.

The Commission found tha[illegible] Ever Ready supplied more tha[illegible] a third of zinc carbon batterie[illegible] and Mallory supplied more tha[illegible] a third of mercury batteries i[illegible] the U.K., so that monopoly con[illegible]ditions as defined by the la[illegible] existed.

The Management Page

EDITED BY JOHN ELLIOTT

Sorting out the mail at Christmas

Y KEVIN DONE

Post being sorted at the Head Post Office, St. Martin-le-Grand. Terry Kirk

HE Christmas period was ce a "blinding, headlong sh," according to the Post fice's director of postal erations, Mr. Henry Tilling. d a Victorian poster in his chives goes some way to exaining the reason: using the lite language employed in ose days, the then Postmaster neral told the public that he uld be grateful if they would st all their mail early—that by the morning of Christmas e!

Times have changed. Instead the Postmaster General, it's w *Tommy Steele* who offers vice about last posting dates d even with a couple of days ll to go to Christmas, these tes are now well past—*Mon-y was the last recommended* sting day for first class mail.

The size of the Post Office's ristmas problem now is ustrated by the fact that, ile on an average Post Office rking day some 30m.-31m. ters are handled, the total nps to more than 70m. in the ys before the holiday.

This year the number of suals employed has again opped, to about 65,000 comred with some 110,000 in 71, 105,000 in 1973 and 70,000 t year.

The Post Office vehicle fleet some 26,000 vans and lorries s to be greatly expanded for t one week of the year. Many the 65,000 casual workers are ined briefly in the intricacies finding some of the nation's n. addresses. Meanwhile, the gular postmen work overtime clear double the normal ount of mail from post boxes fore it is handled at 8,000 ces on its way to airports and l stations aboard more than 000 trains.

The "Post early" campaigns unted in recent years have l their effect. The posting iod has gradually started lier.

Yet even though some mail ives as early as November, essential management blem facing Post Office nners is how to deal with peak when its resources are *not up to handling such a double* workload. Planning for this starts as early as the first days of January when a post-mortem is held on the Christmas operation, and lessons are learned.

The aim is to establish a *national plan by the middle of* the year. Guidelines can then be passed on to the regions and area offices, where many of the vital decisions that determine the success of the Christmas operation are taken by the area postmasters in consultation with branches of the Union of Post Office Workers.

These cover the amount of overtime to be worked by existing staff, the number of casuals to be recruited, the size of the transport fleet, and the kind of extra sorting accommodation to be hired.

In contrast, many of the national decisions differ little from year to year. Predictions are made about the volume of mail and parcels to be expected in 11 months' time and negotiations on booking extra tonnage begin with British Rail and the airlines.

This year it was not until late July that the Government made up its mind on the pattern of this year's Christmas holiday.

Nevertheless, despite such problems, the Post Office usually succeeds each year in reducing the Christmas losses (this year it will be £2m.-£3m.); but it finds that the problems are exacerbated because the volume *is falling, and has been since* about 1968. According to the Post Office, the total volume of items posted this year should be about the same as last at some 10bn. Earlier forecasts of a growth of some 4 per cent. have proved ill-founded.

The Post Office has come under considerable pressure *from consumer organisations to* offer some sort of concessionary rates at Christmas in order to increase the seasonal volume, but the Post Office usually argues *that such* concessions are not economical.

After the last price increases, Christmas post volume fell by 16.6 per cent. and parcels traffic by 24 per cent. This year there has been no indication that any traffic has returned and indeed there are suggestions that the Post Office is losing yet more of its traditional market. According to Mr Michael Corby, the director of the Mail Users' Association, Christmas card sales this year are well up on last year's levels, but according to Mr. Tilling Post Office traffic has hardly changed since last year.

The Post Office finds it hard to imagine that sufficient new traffic exists or can be created *to make special rates economic.* It even expresses satisfaction in its latest annual report that traffic levels have fallen far enough to make a considerable improvement in the economics of the operation. And in a recent marketing document the Post Office puts the case for not attracting more business, because of "daunting" implications. If 1m. items were carried at a concessionary rate of 5p, instead of 6½p, another 300,000 items would have to be attracted "merely to maintain revenue," it says.

On the other hand the Mail Users and the Post Office Users' National Council have long argued for experiments with concessionary rates. The Post Office however seems more interested in paring down the economies of the present Christmas operation rather than searching for new business.

The last time this approach came badly unstuck was in 1972, when more than 9m. letters had not been delivered by Christmas Day. There were calls in the House of Commons for the dismissal of Sir William Ryland, the Post Office chairman. He took personal responsibility for the "serious failure," which *had resulted in part from a 7* per cent. cut in the number of extra hours worked and a cancellation of deliveries on Christmas Eve.

BRUSSELS

EEC Director-General needed for industry

BY GEOFFREY OWEN

FOR NEARLY two years a senior post in the European Commission, which is of direct concern to British industry and which was assigned to a British *national at the time of the* U.K.'s accession, has been vacant. It is that of Director-General for industrial and technological affairs, held briefly by Mr. Ronald Grierson in 1973-74, and now being performed on an *interim basis* (very competently by all accounts) by a deputy Director-General.

The appointment of a successor to Mr. Grierson was delayed first by the referendum and more recently by the uncertainty created by Mr. Roy Jenkins's imminent move to Brussels. The usual haggling is now in progress over the Commissioners' portfolios and until that has been settled there is thought to be little point in making a new appointment to the post, known as DG III.

Some might argue that DG III is in any case a non-job and that the U.K. would do better to put one of its men in another department where he could exert real influence. It is true that DG III possesses neither a solid power base stemming from the Treaty of Rome nor a substantial budget of its own. It is also true that, since the high point reached in the Paris Summit of October, 1972, EEC industrial policy has been in a *state of limbo*.

Integration

Before that Summit, Commissioner Colonna and later Commissioner Spinelli, working *with an active Director-General* in Mr. Robert Toulemon of France, had been developing ambitious plans for speeding up industrial integration and for creating larger enterprises on a European scale. The Colonna Memorandum of 1970 had said: "If there is one field in which the Community needs to be strengthened as a preparation for enlargement, it is that of industrial policy."

These ideas received the apparently enthusiastic support of the Heads of State in Paris, but it soon became clear that the political will to implement them was lacking. The oil crisis of 1973 gave member countries more urgent industrial problems to think about. Within the department itself the arrival of Mr. Grierson, a pragmatic banker not interested in elaborate blueprints for entire *industries*, produced a marked change of tone. The fact that his philosophy was incompatible with that of his Commissioner, Signor Spinelli, inevitably reduced the effectiveness of the department.

Nevertheless the CBI and a number of British companies believe that there is an important job to be done by DG III and that it must be filled by someone of the highest calibre, preferably with good industrial experience. They argue that industry is under-represented within the Commission, partly because the Treaty of Rome had very little to say about it, but that the interests of industry are vitally affected by decisions taken in other departments, such as those dealing *with competition, external relations* including trade and tariff matters, and the internal market. There is a need, they say, for a powerful voice among the directors-general, with a deep understanding of industry's needs.

The lack of such understanding is said to manifest itself, for instance, in the slow and legalistic procedures followed by the competition department, especially in relation to the approval of joint ventures and other commercial matters. Another example cited is the dilatory way in which the *external affairs department* handled bilateral negotiations with textile exporters under the Multi-Fibre Arrangement, with the result that import penetration is much higher than it need be. The U.S. Government, by contrast, negotiated quota agreements with over twenty countries within nine months of the signature of the MFA.

The CBI has recently called *for faster progress towards in*tegration on such matters as the removal of technical barriers to trade and the opening-up of public sector purchasing. It has suggested the grouping together, perhaps under a Commission vice-president, of those directors-general whose activities impinge most directly on industry. Another proposal is the establishment of an *industrial policy* review body, serviced by, but independent of, the Commission. This body "would report annually on the progress of the Community's industrial policy programme and would ensure its *overall balance.*"

Industrialists here have been worried by the tendency for directors-general to operate quite independently of each other. To stop them pushing in different directions, they see a need both for a more collegiate style of operation and for a strong director-general for industry who would take an overall view of industrial problems.

It is arguable that DG III would carry greater weight if its responsibilities were increased by the transfer of certain functions from other departments, such as the *internal market* or even by a complete merger with one of those departments. Ideas along these lines are now being considered. Some changes may result from whatever decisions are reached on the Commissioners' responsibilities. Certainly it is not easy to see how DG III in its present form could become one of the key jobs in the Commission.

Candidates

If one assumes that the post of DG III continues in some form and that it will be filled by a Briton, should he be a civil servant or an industrialist? The Commission is such a bureaucratic organisation that an experienced *civil servant* may stand a better chance of getting things done than an industrialist, for whom the atmosphere of the Berlaymont building may seem alien and depressing. On the other hand, few civil servants, especially in the U.K., have the feel for industrial and commercial issues which, business*men say* is sorely lacking in the Commission. It is clearly incumbent on companies which feel this way to put up their own candidates with the right combination of qualities.

Despite his lack of powers, DG III will not be short of problems to work on, coming more from the traditional industries such as textiles, shipbuilding and steel than from the *high-technology sectors which* preoccupied the Commission in the past. Because the problems of these industries are vitally bound up with trade—which is a clear Community responsibility—the Commission cannot avoid *having a policy* to deal with them. The only place where the policy can be evolved, even though other departments may be concerned with implementing it, is DG III.

THE COMMISSION DEPARTMENTS

I	External relations	Theodorus Hijzen (Dutch)
II	Economic and financial affairs	Ugo Mosca (Italian)
III	*Industrial and technological affairs*	*Josephus Loeff (Dutch)—acting*
IV	Competition	Willy Schlieder (German)
V	Social Affairs	Jean Degimbe (Belgian)
VI	Agriculture	Louis Georges Rabot (French)
VII	Transport	Raymond Le Goy (British)
VIII	Development	Hans-Broder Krohn (German)
IX	Personnel and administration	Pierre Baichere (French)
X	Information	Sean Ronan (Irish)
XI	Internal market	Fernand Braun (Luxembourg)
XII	Research, science and education	Hans Gunter Schuster (German)
XIII	Scientific and technical information, and information management	Raymond Appleyard (British)
XV	Financial institutions and taxation	Erik Alban-Hansen (Danish)
XVI	Regional policy	Renato Ruggiero (Italian)
XVII	Energy	Leonard Williams (British)
XVIII	Credit and investments	Antonio Nicoletti (Italian)
XIX	Budgets	Jozef van Gronsveld (Belgian)
XX	*Financial control*	Carlo Facini (Italian)

(DGXIV has ceased to exist as a result of re-organisation)

BUSINESS PROBLEM — BY OUR LEGAL STAFF

Indebtedness and capital

A company for which I did some work has resolved to go into voluntary liquidation, but I see their statement of affairs doesn't show the company's indebtedness to me, and their assets are so small that if the debt were admitted they would not appear to cover it. Can I demand that some of the unissued capital be issued to meet my bill? Otherwise, is it worth taking the company to court? Do you think the court would acknowledge the recognised scale fees in my profession to be a good basis for a quantum meruit claim?

It is only the issued capital which can be resorted to on the liquidation of a company limited by shares. If the deficiency on that basis is likely to be considerable it is not worth pursuing the claim. Recommended professional scales of fees are normally accepted by the Court as a basis for a *quantum meruit* claim.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

The Technical Page

ITED BY ARTHUR BENNETT AND TED SCHOETERS

COMMUNICATIONS

Satellite reflects the news

CSIMILE transmission of a l page of a newspaper has n successfully carried out via ellite in the first-ever experintal operation of this type.

The demonstration took place ween Washington and Rome one of the Intelsat communications satellites which is ne 22,300 miles up above the antic in a *geostationary orbit* r the Equator.

A Muirhead/Dacom page facile scanner was used and the roduction of a Washington it page on film was available five minutes in the offices of rriere Della Sera in Rome.

This was a severe test for the ipment and it was the first e such a transmission to rope used a digital technique 50,000 bits per second over a single voice channel. Normally, transmission at this speed requires the equivalent of *several voice circuits at propor*tionately higher cost.

Reproduction of both halftones and text were of high standard and indistinguishable from the remainder of the paper.

Equipment used included a *Muirhead drum Pagefax scanner and recorder* while the data compression equipment used was made by Dacom *in the U.S.*

In the operation a newspaper page proof is wrapped around the scanner drum operating at 3,600 rpm. Resolution can be from 400 to 1,200 lines per inch. This controls definition. The signal from the scanner is compressed by the Dacom 300 Telepress unit which eliminates redundant white backgrounds.

The signal was received from the satellite at Fucino and trans*mitted onwards* to Rome over a wide-band terrestrial 48 kHz analogue circuit.

Apart from the drum scanner equipment used in this demonstration, which coincided with a meeting of the INCA-FIEJ Research Association, Muirhead is producing through a *wholly*-owned U.S. subsidiary a flat field scanner and recorder using laser techniques. With this, flat paste-ups are used as the input and output can be directly to a printing plate.

Further information from Muirhead Data Communications, Beckenham, Kent BR3 4BE. 01-650 4888.

COMPUTING

Distributed processing guide

GUMENTS WHETHER the ure of computing lies with rconnected small machines at is, distributed processing) with developments around the central processors beloved the major manufacturers are full flood.

Arthur *D.* Little's senior coner people recently came out inst the idea that distributed cessing could in any way be strued as "user liberation," erting that networks and rarchies would co-exist for ny years. Clancy Spangle, d of Honeywell's computer pire, has taken the same line. w the National Computing ntre has released the results its own study of the development under the title "Why tributed Computing?"

From the outset the study tes it for granted that user erest in the techniques is no sh in the pan. "There is little ubt of the growing and conued importance of distributed tems," it asserts, adding that answer for some users may "*not yet.*"

Two complementary surveys re conducted as part of this going NCC project. The first nitored the experiences and jectives of existing and proted users of distributed tems, while the second examined the experiences and attitudes of vendors of mainframes, small computers and services.

Other aspects covered are systems costs, the legal aspects of multi-party distributed systems, the likely direction of future trends and how systems effectiveness might be enhanced. Case histories are also included.

At the end of the book a use*ful chcklist of factors influenc*ing a decision will help users to establish the characteristics of their particular situation and in all but one of the cases studied, the distributed system evolved from an existing centralised system. Large investments in existing installations *will tend to* militate against a rapid change to distributed systems, and consequently it is early days for this development. In the longer term, however, there will be an increasing number of systems designed *from* scratch as distributed systems.

Distributed computing will have long-term repercussions as regards decentralisation, and in the staffing of smaller sites where terminals or small computers are located. It will have important implications for the development of standards too. If as a result of distributed computing, there are likely to be many more mixed-supplier systems, standards will be of increasing importance, if mixed systems are to be successfully exploited. The advantages to the user are clear. A freer market and greater competition, with the user reasonably independent of single-supplier hardware constraints.

NCC, Oxford Road, Manchester M1 7ED. 061-238 6333.

● FINISHING

Protects steel from corrosion

A ONE-COAT primer/finish zinc phosphate paint, claimed to have advantages compared with conventional paint as it can be used for treating badly prepared steel surfaces which have rusted, has been developed by Synthetic and Industrial Finishes, Im*perial Way, Watford*, Herts., WD2 4JN (Watford 28363).

Called BZP, it can be easily applied over poorly prepared steel and is almost non-toxic. The steel can be cut or welded without causing injurious fumes, says the maker. Rust will not spread under the paint *film if* it is cut or damaged.

The paint can be applied by air-less spray or can be thinned for application by conventional spray. It dries in five to ten minutes. Standard colour is black, but it can be supplied in any colour.

One coat non-slip finish

A COATING treatment has been developed which can produce an anti-skid finish on timber in a single coat. Typical applications are duck boards for machine shops, walkways, dock wharfs, horse-box ramps.

Epoxy and polyurethane resins have been formulated which have viscosities, related to the porosity of the timber, that provide controlled penetration when liquid, while retaining sufficient surface coating to retain the anti-skid aggregate. These particles can be flint, carborundum or bauxite.

The cure rate of the resin allows easy stacking of the *finished board*. Compared with other methods, which usually require three coats (primer, aggregate coat, and *finish* sealer), there is a substantial saving in labour and storage space. The cost of the coating, about 2 mm. thick, is around £2 a square metre.

At present the coating is only carried out by the maker, G. A. Ferguson and Co., Western Road, Oldbury, Warley, West Midlands B69 4LY (021-552 3674), but the company will be looking for overseas licensees in about six months.

● SECURITY

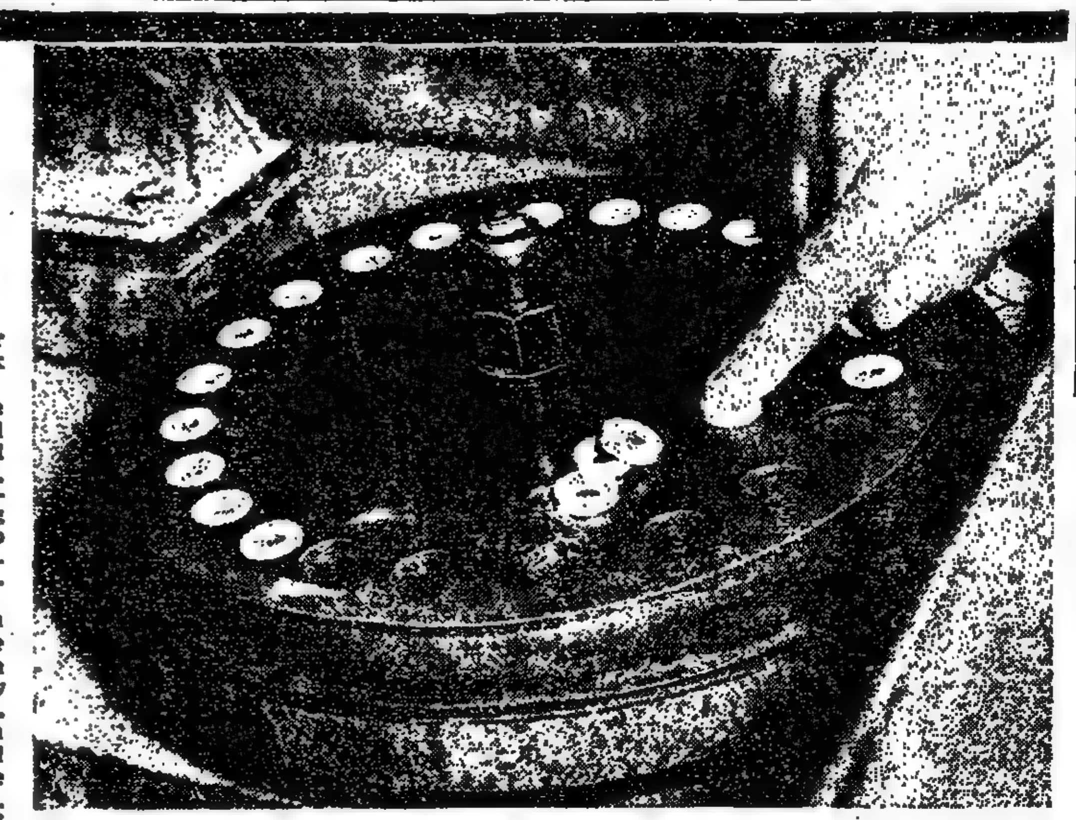
Microphones catch the intruder

INTRODUCED by Horley Controls is the Essex Night Guard which effectively provides "ears" for the nightwatchman.

Premises are divided into zones and a latching indicator shows, on a central control unit, an above-average noise for any zone. Then, the watchman can switch to that particular zone and listen in: if his suspicions are confirmed he is then able to alert the police without being involved.

An advantage is that the number of guards needed to cover large premises can be reduced without increasing the risk. In addition, more certain detection is possible with back-up for confirmation before calling the police, thus helping to reduce false alarms—an increasing problem for most forces.

Using batteries that are recharged from the mains, the unit remains effective in the event of an electricity cut. Furthermore, there are anti-tamper circuits that prevent the system from being used *for* eavesdropping purposes during normal working hours. It can operate with a maximum of 72 detectors (six zones of 12 each). More from 23, Station Road, Horley, Surrey (02934 6161).



Components being placed in position ready for lapping in one of Park Royal Porcelain's new machines.

Makes the job less unpleasant

FACED WITH the growing problem of finding shop floor personnel willing to undertake an unpopular though important production operation, Park Royal Porcelain Company replaced its conventional lapping machines with new, purpose-built equip*ment employing diamond-im*pregnated lapping plates.

The new machines, designed and built by the company's own engineers, not only solved its immediate problem but also achieved an increase in productivity.

A small, high-value proportion of Park Royal Porcelain's throughput of 200m. industrial ceramic components a year has to be lapped to achieve precision size or flatness. The process involves, on average, a total stock removal of 0.05 mm. to 0.1 mm. per component and was accomplished traditionally by *means of a double-sided lapping* technique involving a bank of three machines and 100 or 180 grit conventional loose abrasives.

First, the lapping plates had to be coated with abrasive paste and, following a preset automatic lapping cycle, the components, covered with a sticky abrasive slurry, had to be unloaded and stored for subsequent cleaning. The slurry played havoc with female hands, making the job the most unpopular in the plant.

The machines built as an alternative hold the ceramic components in a "Tufnol" carrier. They are then rotated eccentrically between two circular steel plates impregnated with De Beers SND-MB natural diamond.

With the new method since the lapped components, free from abrasive slurry, can be unloaded from the machine and *immediately put aside to dry the* elimination of the component cleaning operation not only improves working conditions but benefits productivity to the extent of some 2,000 to 3,000 components per eight-hour shift.

Park Royal Porcelain is achieving an average process rate of some 1,500 lapped components an hour and a life of two to three years per pair of diamond impregnated plates.

Industrial Diamond Information Bureau, Charters, Sunninghill, Ascot, Berks. Ascot (0990) 23456.

● COMPONENTS

Hydraulic cylinders

FOR HEAVY duty applications, such as those encountered in the iron and steel industry, a range of rugged hydraulic cylinders has been developed by Parker-Hannifin (U.K.), 6 Greycaine Road, Watford, Herts., WD2 4QA (Watford 44377). The cylinders are designed to operate at 3,625 psi.

Of screwed and bolted con*struction, the standard cylinder* bore sizes available range from 50 to 320mm, but the company says it can produce steel mill cylinders with larger bores.

The cylinders are designed to meet RP 73H, a mounting specification frequently used in Europe and recently accepted as the German DIN 243333. RP 73H was drawn up by the Comité Européen des Transmissions Oléohydraulique et Pneumatique (a body composed of manufacturers and users). These standards are the basis for draft international standard ISO 159E, and it is expected that similar specifications will be accepted as a French AFNOR standard as well.

Maximum cylinder push force available in the range is 451,900 lbf., and maximum piston rod force is 213,600 lbf.

Although the company is U.S.-owned, the cylinders were designed and are made at the Watford factory. The company says it has adopted the CETOP recommendation in anticipation of both U.K. and Continental demand.

● MACHINE TOOLS

Grinds bore and radius together

TWO OPERATIONS, normally performed separately, can be carried out simultaneously on an internal grinding machine from West Germany. Developed by Overbeck Schleifmaschinen, of Herborn, the machine combines bore and radius grinding.

The chuck carrying the workpiece, in addition to revolving at speeds from 112 to 1000 rpm, can swivel radially through 100 deg., while the wheelhead oscillates, providing a continuous blending of bore into radius.

Grinding spindle speeds range from 6,000 to 75,000 (belt driven), and with an air bearing fitted, up to 175,000 rpm. The spindle head can move in the X and Y axes. All movements are electro-hydraulic and the grinding operation is full automatic. Speeds are steplessly adjustable.

It is claimed that this method of grinding, believed to be unique, as well as offering savings in time, provides better standards of accuracy, form and surface finish than could be achieved by bore grinding followed by plunge grinding with a formed wheel.

With the machine used as a standard internal grinder, component capacity is up to 200 mm diameter by 250 mm long. Used as a simultaneous radius and *bore grinder, maximum diameter* is 140 mm, maximum radius 50 mm and length 200 mm.

Applications for the machine, which costs about £17,000, are in industries which manufacture or use carbide drawing dies, for example, wire drawing, or steep tube drawing, as in the container industry.

U.K. agent is Keighley Grinders (Machine Tools), Aireworth Works, Keighley, West Yorks., BD21 4DP (0535 604294), a Newall Group company.

● POLLUTION

Fresh water supply

FRESH-NESS, a new water filter and purifier for use in boats, caravans and camping, is being marketed by Thomas Ness (NCB).

Developed over a period of two years, the unit provides safe, fresh-tasting water for drinking and cooking.

It does this by *removing* odours, bacteria, chlorine and dirt, most of which are to be found in water which has been stored for a few days—no matter how clean the source.

Simple and quick to instal, the Fresh-Ness unit—based on *active carbon* — requires no maintenance and is fully effective for one year or the processing of 2,000 gallons of water.

Content of activated carbon is high enough to remove taste and odour while two micronic filters remove solid contaminants and there is a generous quantity of a sanitising agent. This prevents bacteriological growth, destroys germs and keeps the unit sterile when not in use. Thomas Ness, Coal House, Lyon Road, Harrow, Middlesex HA1 2EX. 01-427 9001.

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WEDNESDAY, DECEMBER 22, 1976

Middle East momentum

THE PACE of events in the Middle East, which had already accelerated in the past few weeks, has quickened yet again with the resignation of Mr. Yitzhak Rabin, the Israeli Prime Minister, and the strong probability that the Israeli general election will now take place in the first rather than the second half of next year.

At the very least, the bringing forward of the election date should remove the Israeli excuse that the country can make no substantive response to Arab or U.S. diplomacy for the best part of twelve months on the grounds that public opinion must first be consulted. Public opinion is now likely to be consulted in the spring rather than the autumn, which is time enough to fit in with the diplomacy already under way. Coupled with the events that have already taken place, the early election should also help to concentrate Israeli minds on the issues at stake.

Mr. Carter

It is worth recalling some of the most recent developments in order to see quite how intense the pressures for a new peace initiative are. First of all, there has been a settlement in the Lebanon—imposed by Syria, but under the guise of the Arab League. The Lebanese distraction has been at least temporarily removed from Arab politics. The Palestine Liberation Organisation (PLO), or at least parts of it, has been tamed to the point where it is possible to hint at the recognition of the state of Israel, thereby undermining the principal objections to direct talks with PLO representatives. There has been a reconciliation between President Sadat's Egypt and President Assad's Syria, the two pivotal Arab states. Moreover, this is backed, and indeed seems largely to have been brought about, by Saudi Arabia, the Middle East paymaster.

Not least, there has been the Saudi behaviour at last week's meeting of OPEC. The Saudis, along with the United Arab Emirates, chose to impose a lower price increase than the other oil-exporting countries. It is difficult not to see this as a political act, designed to point out yet again that Saudi Arabia is prepared to help the West provided there is some movement towards a Middle East settlement.

All this, of course, is aimed at the U.S. and the President-elect, Mr. Carter, rather than at Israel direct. But there are two reasons why Mr. Carter seems likely to respond. One is that U.S. dependence on Middle East oil is increasing and the Arabs therefore have considerable bargaining power. The other is that failure to respond would risk the Arab states turning back towards the Soviet Union and the probability of another Middle East war. That in turn could lead, as the 1973 war almost did, to a super-power confrontation.

So much must be apparent to the Israelis, whatever the disorganised state of their domestic politics. It makes no difference whether the situation is seen from the Left or the Right, by a hawk or a dove. The objective facts remain the same. They are that the Arab states are putting mounting diplomatic pressure on the U.S. to put pressure on Israel, and that the Carter Administration is bound to take notice.

Opportunity

It is this state of affairs with which the Israelis have to come to terms. It is not to be expected that individual parties or rival leaders within them should spell out their peace terms in their election manifestos or in any power struggle that takes place for the succession to Mr. Rabin. That would be to risk making concessions in advance and perhaps taking positions which would be difficult to hold. What is needed, however, is a government with a mandate to negotiate. The negotiations, if they take place, will be difficult. They will not be bound to succeed. But it is a major advance that there is an opportunity for negotiations at all. If it is lost next year, it will not quickly recur.

Unemployment and confidence

IT IS useful to have the best available official estimate of unemployment in early December, even though that best is not very good. Industrial action by members of the Civil and Public Services Association in protest against the public spending cuts—Mr. Len Murray is to see if he can persuade them to drop it—has already caused one monthly set of unemployment and earnings figures to be dropped, so the latest estimate of the former covers the two months since mid-October.

During that period, it is reckoned, the number of school leavers registered as unemployed dropped from 78,000 to 48,000 while other categories of unemployed rose by 25,000 to 1.27m., leaving the overall total pretty much unchanged. The seasonally adjusted figure, excluding school leavers, also shows a rise of about 24,000 for the two months, which would seem to indicate a rather slower rate of growth than in mid-year. But while the figures for school leavers are reasonably accurate, the rest are based on returns from only just over half the country and are said to have a margin of error of perhaps 20,000 in either direction.

Little value

The real trend of unemployment in the past couple of months, in other words, may have been anything between a rise of 45,000 and almost no rise at all. The former figure would suggest growth at the fast rate of the summer months, the latter would confirm the experience of September/October, in which there were a rise of only 9,000 and a fall of 13,000 respectively. These latest figures, in other words, are of little practical value, and it is to be hoped that Mr. Murray can persuade members of the CPSA to resume measuring the effects of Government measures on employment both in the public sector and elsewhere.

The effect of the mini-Budget on employment is an issue on which there is clearly room for large differences of opinion. The official estimate is that in the coming calendar year the deflationary effects of the package will be more than offset by the special steps being taken to create jobs, with a net increase in jobs of perhaps 10,000; in 1978, however, there may be a net loss of jobs of around 100,000. The economic adviser to the Expenditure Committee, Mr. Terry Ward, however, argued in a paper put before the Committee on Monday that the measures were likely to cause a continuous rise in unemployment over the next three years, causing it to reach perhaps 2m. by the end of the decade.

Union influence

Neither Mr. Joel Barnett, when appearing before the Expenditure Committee on Monday nor Mr. Healey, when speaking in the economic debate yesterday, were willing to be dragged into discussions about the precise unemployment effect of the mini-Budget beyond the immediate future and preferred to stress the probability that a combined external and internal crisis of confidence would have caused unemployment to leap up if suitable action had not been taken. But talks with the TUC and the CBI about the next round of voluntary pay restraint are to begin soon, and even the official estimate of the rise in unemployment to be expected in 1978 is bad enough, quite apart from the calculations of Mr. Ward. What the Chancellor must somehow get the TUC to accept is that monetary ceilings were needed to get a necessary loan from the Fund, and that the level of unemployment from now on will be set not so much by Government as by trade union action.

BRITAIN GETS TOP EEC JOB • SHORTER LUNCH AND FASTER WORK

The challenge to Mr. Crosland's diplomatic skills

BY REGINALD DALE, European Editor

FOR the first six months of next year, the U.K., last of the EEC countries in alphabetical order, will finally have its chance to show its partners how to run a Common Market. From January 1 to June 30, a British Minister will for the first time be presiding over the Community's Council of Ministers, coincidentally during the very same period in which Mr. Roy Jenkins will be making his debut as President of the Council's complementary and rival Brussels institution, the European Commission. During the U.K. Council Presidency, London will be the temporary diplomatic capital of Europe. European officials, Ministers, and finally Heads of Government, will swell the influx of tourists and bargain-hunters, and the British public will have its closest ever ringside view of the EEC in action.

Preparations for all this activity have been under way for many months. An excrescence of temporary offices has appeared alongside Lancaster House in the Mall, where most of the meetings will be held, and the old Bath Club in Brook Street is being revamped into an international Press centre. In rural Kent, the newly renovated Leeds Castle is being readied for a private weekend gathering of the Nine Foreign Ministers in the safe seclusion of its moated walls, and the Foreign Office now boasts a new 17-strong "Presidency Secretariat." The London facilities will conveniently also serve for the NATO ministerial meeting in May and a Commonwealth Heads of Government conference in June. But it is the Community Presidency that will be by far the most strenuous and time-consuming for Ministers and civil servants alike.

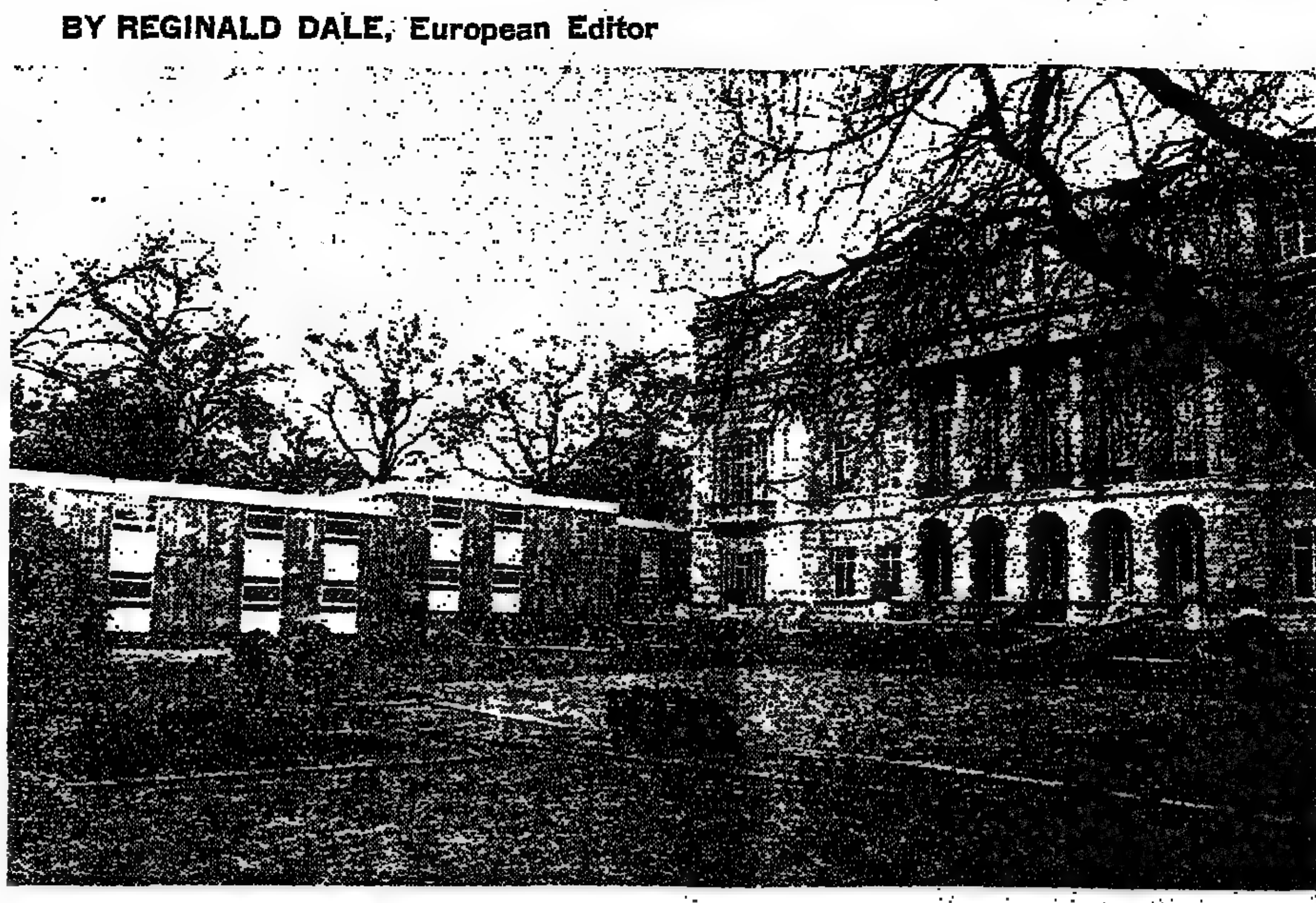
In the course of its six months in the chair, Britain can expect to organise between 60 and 80 meetings, including working groups, in London, and process some 3,000 telegrams on the Nine's "Coreu" diplomatic telex hotline. In addition to the Leeds Castle weekend, there will be two more formal meetings of the nine Foreign Ministers for political consultations in London, and possibly a joint meeting of Foreign and Finance Ministers. The British Presidency will culminate in a "Jubilee" London summit at the end of June, which the Queen will probably open.

But by far the bulk of the President's work is done in the Community's traditional institutional centres. During its turn in the chair, Britain will preside over all Council meetings of the Nine at whatever level they are held in Brussels and Luxembourg. Mr. Anthony Crosland, the Foreign Secretary, as President of the Council of Foreign Ministers, will be a frequent visitor to the European Parliament in Strasbourg or Luxembourg to defend the Council's decisions, or lack of them, and he will be expected to play an important role in promoting consensus and compromise inside the Council itself. With the growing importance of nine-nation foreign policy co-ordination, the President is also increasingly expected to organise joint diplomatic initiatives and act as the Community's spokesman to the outside world.

All the signs are that Mr. Crosland intends to enjoy his time in the chair—in spite of a temperamental distaste for EEC meetings. But he has already warned the world not to expect a "firework display of new initiatives" the moment he takes over, and has made it clear that the U.K. will not be looking for dramatic breakthroughs in the construction of Europe. The emphasis is going to be rather on efficient organisation. Meetings will have to start on time (a rare event in Brussels), speakers will be requested to be brief and to the point, and, it is said, no second helpings will be served at working lunches and dinners.

Although Mr. Crosland has said he will give a philosophical keynote speech to the European Parliament on January 12, his "business as usual" approach to the Council itself has already drawn fire from people who would like to see the U.K. adopt a more positive approach to the Community's development. The Government, it is true, does not assign a high priority to European integration. But it is not at all clear that in the present state of the Community there is much that the President can do in any case. Both preceding Presidents, from Luxembourg and the Netherlands, wanted to organise important forward steps during their terms of office, and both failed dismally.

Of more immediate concern to the other EEC countries will be the extent to which Britain tries to use the presidency to promote its own interests in the Council—particularly as a number of issues of great importance to the U.K. will be on the agenda in the coming months. First of all, there is the common fisheries policy, where Britain and Ireland are in a minority of two. Then there is the renewal of the Social and Regional Funds, in the context of which Mr. Crosland has already called for a major Community effort to transfer wealth from richer to poorer countries. But perhaps the most delicate task will fall to Mr. John Silkin, the Minister of Agriculture, a steadfast opponent of high Community farm prices, who will have to preside over the negotiations for the next annual price increase.



Ashley As

Temporary offices outside Lancaster House in the Mall. Most Ministerial meetings will be held here.

But it is a moot point how far the presiding country can actually use the chair to its own advantage. The usual practice is for the senior Minister to chair the meeting in a supposedly neutral fashion, while a second Minister heads the national delegation and speaks for his Government, usually last of the Nine. There have been notable exceptions. M. Maurice Couve de Murville, as General de Gaulle's Foreign Minister in the 1960s, was highly skilled at switching his hat from chairman to national delegate and back again before most people had realised what was happening. But some presidents feel that they must try so hard to be fair that their own country may even be disadvantaged.

The President has some scope for influencing the course of debate as organiser of the agenda—although any country can ask for any subject to be discussed—and as summer-up at the end of a discussion. When no formal decisions are taken, the President's summing-up is increasingly used as an informal guide to the sense of the meeting. Such techniques, well tried in the Council of Ministers, may be less effective at lower level meetings of officials. There the same subject may have been on the agenda for months, if not years, and the personality of the President may be less strong. But the main constraint on the President is that openly nationalist chairmanship can become counter-productive by undermining the credibility of the chair and provoking hostility among other delegations.

Veteran Community officials say that a good President has a kind of sixth sense by which he can detect an agreement in the making that another Minister might well not see. Equally, experience has shown that Ministers from smaller countries tend to devote more time to the Presidency, and to the preparation of meetings, than do those from the larger countries. Obviously, a British Foreign Secretary or a French Foreign Minister has a host of other world problems to cope with, quite apart from the Community, while the Foreign Minister of Luxembourg can devote himself almost exclusively to Europe.

But the strain of the Presidency on the smaller countries is heavy. Luxembourg, Ireland and Denmark have to run the Community with only a tiny fraction of the resources available to Germany, Britain or France, and the physical pressures on individual diplomats and officials are often intense. Even so, the smaller countries have so far resisted suggestions that they should borrow officials from their larger partners to help them out.

The physical strain of the Presidency is one of the main arguments against proposals to extend its length to 12 months, on the grounds that six months is not enough to ensure continuity. Another is that 12-month Presidencies would mean each country having to wait for eight years, longer than the life of any single European Government, for its next turn in the chair. With more countries queuing up to join, the odds against any one Government securing the Presidency could lengthen even further. But it is the transient nature of the Presidency that most Governments find attractive. They can accept that other Governments can wield increasing authority from the chair precisely because they know it will soon be their turn.

Nevertheless, the present system clearly has its disadvantages. With the Presidency increasingly representing the Community at international gatherings such as the Conference on Security and Co-operation in Europe, the Community may have to change its representative in the middle of a meeting. A new system has been introduced in the Euro-Arab dialogue, where the President of the Council and the Commission represent the Community, under which the Council President is aided by the country that has just relinquished the chair and the one next in line. But this has not so far been extended to other fields. Another suggestion is that individual countries should be assigned specific tasks, such as the management of U.S.-European relations, for periods of longer than six months. This idea is strongly opposed by the smaller countries.

The small countries fear that this would inevitably le[...] wards the Community bei[...] by a "directorate" o[...] larger countries, which [...] share out the best jobs [...] themselves, thus underm[...] the existing institutions th[...] small countries see as th[...] guarantee that their int[...] will not be over-ridden. F[...] same reason they are [...] suspicious of the suggestio[...] a new political Secre[...] should be set up that woul[...] the Presidency to prepar[...] cussions on political [...] foreign policy co-oper[...] With political co-operation officially outside the [...] Treaty framework, they fe[...] Secretariat would compete the existing institutions an[...] to an increase in [...] Governmental, rather [...] Community-style dec[...] making.

The small countries [...] ideally like political co-[...] tion brought under the wi[...] the present institutions —[...] Leo Tindemans, the Be[...] Prime Minister, in his r[...] on European Union, ac[...] proposed making certain fo[...] policy decisions subjec[...] majority voting. Neither B[...] nor France could pu[...] accept that. But Mr. Cro[...] has gone some way to [...] Mr. Tindemans by agreeing the distinction between pol[...] co-operation issues and [...] munity issues should [...] abolished. Whether or no[...] can do so against French op[...] tion will be a fair test o[...] presidential skills.

MEN AND MATTERS

Cuba's U.K. bank manager

"My job here," says Eduardo Romaguera, new managing director of Havana International Bank in London, "is to quadruple profits. We're interested in business with anyone. You understand, anyone." Anyone? "Well, not with the Chileans perhaps, but anyone, absolutely anyone else. Those are my instructions. You get the message?"

Cuba's economic situation remains serious, with continuing dependence on a generous Russia, and austerity brought home to the populace with details like a reduction in the coffee ration and the ending of what had been a free telephone service since 1964. In these circumstances, expansion of 36-year-old Romaguera's bank, a National Bank of Cuba subsidiary, is important (a considerable raising of capital looks possible next year), and one of his principal tasks is to try to end the practice by which the Cuban Government and its agencies are disbarred by U.S. Treasury regulations from dealing in dollars.

With all the enthusiasm of a born salesman, Romaguera explains the position: "We are a bank registered in Britain. We're part of the City and we operate under the regulations laid down by the Bank of England. There's no question but that we have a right to deal in dollars." He points out that Washington permits foreign-based subsidiaries of U.S. corporations to trade with Cuba so, logically, the American Government should allow foreign-based subsidiaries of Cuban corporations to deal with the U.S. and in dollars.

He expects to make some progress on this question after the new Carter Administration starts work. "We have some friends in U.S. banks who want to get over this problem," he adds optimistically.

Romaguera has been in banking since he was 16. He took a competitive examination to get into the Banco Continental, then a Havana private bank. "I spent 11 days as an office boy and then, because I knew a little about computers, I went straight to the accounts department. I've always been fascinated by administrative and accounting problems."

He came over to London early last year, doing a spell with the National Westminster, one of the National Bank's British correspondents, before a course at the City University.

Surprisingly, he is not a member of the Cuban Communist Party, nor is he an applicant for membership. "It's a personal thing but I just haven't wanted to be a member. I'm not interested in politics, for me the job's the thing. Now to get back to business. You've got it clear, haven't you, we're in business to do deals with anyone, absolutely anyone. . ."

Raper quits St. Piran

Which company can boast a threefold increase in its share price this year and no less than a sevenfold increase in interim trading profits? The answer is Saint Piran, a group which gains most of its prosperity from the South Crofty tin mine in Cornwall but which also has a profitable quoted residential subsidiary called Milbury, operating in the North.

Sounds a strange time for the chairman to be resigning, but then the career to date of Jim Raper has been far from orthodox. He leaves the St. Piran Board to-morrow, saying he does not want to "speculate at the moment" on his 18 per cent. shareholding but stressing his confidence in the managing director, Peter Adie.

Raper, now 48, has spent much of his time in the rough and tumble world of Far East business. After leaving Cambridge, he went out to Singapore and worked for an importing firm. By 1962, he had gathered enough capital to start his own company. This was called Selco, which Raper claims grew to be the largest marine salvage concern in the Far East before it was taken over by the Pan Electric group. His energies turned to the Faber Merlin company in Hong Kong. Raper is proud of the fact that from a HK$2m. loss when he joined, the hotel, property and mining group was turned round to a HK$45m. profit by the time he left. The circumstances preceding his departure, however, were dramatic.

Opposition developed in the Boardroom between him and chairman Chiang Ming Thien. Writs flew, there was a large "Rights" issue which was largely left in the hands of underwriters led by Chiang's Overseas Trust Bank—and eventually Raper sold out his one-third stake, taking on in exchange Faber Merlin's 34 per cent. holding in St. Piran which has subsequently been reduced to the present 18 per cent. level.

Raper prides himself on picking good managers. Adie joined St. Piran last year from IBM, and his administrative talents are complemented on the mining development side by Henry Hodding, whom Raper brought to Cornwall from Pahang Consolidated. That was another company in the Faber Merlin orbit which after Raper's departure reverted to Chinese control in Malaysia and this year had its shares suspended after controversy over share dealings involving an associate.

Back in quieter Cornwall, the South Crofty mine (in production for the last century or so) and the recently purchased neighbouring Pendarvis mine have been benefiting both from higher production and booming market prices; in the six months to last September, the London Metal Exchange cash tin price rose from £3,686.5 per tonne to over £4,700. "The prospects," managing director Adie declares, "have never been better."

As for Raper, he says: "I've never left a situation if things were not going right." He is "not sure" what his next new project will be, but he seems lukewarm on the free-booting East: "I'm more interested in Europe."

And worse

What, in this time of trouble, is the definition of an average year? One that is worse than last year, but better than next.

Observer

While the political parties bicker, devolution is passing Northern Ireland by. Giles Merritt reports

Ulster: What lies beyond devolution?

ULSTER IS the Cinderella of the devolution debate, left, all too literally, to watch the flames at home while her Scottish and Welsh sisters go off to the ball. Yet only five years ago, Northern Ireland was still the perfect blueprint for devolved government.

During its 50-year history, the province had administered itself without any hint of separatism from the U.K. under a system that Ulstermen stoutly maintain coped more efficiently with local needs than the heavy, impersonal hand of Westminster and Whitehall. The Loyalist-dominated Stormont Government failed to meet Ulster's political needs, but it was nevertheless a first-class administrative machine, a fact Catholic politicians who were Ministers in the short-lived 1974 power-sharing executive constantly allude to.

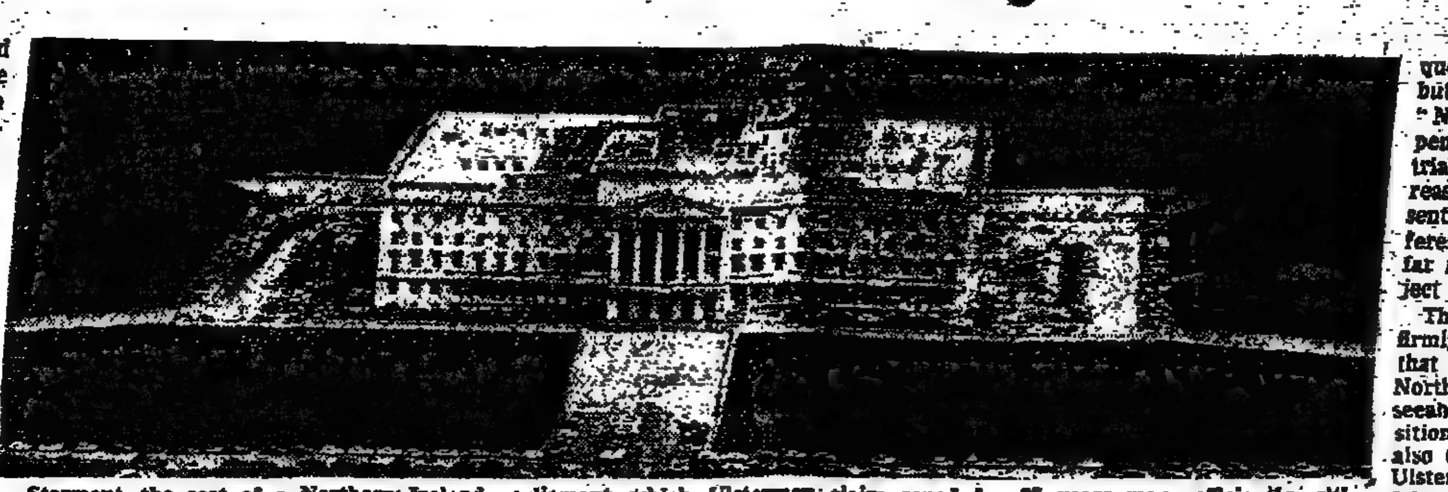
Within the British Government there seems to be a faint, scarcely voiced hope that the sight of Scotland and Wales being granted devolved powers will bring Ulster to its senses. So as not to be left behind in a race they used to win, the argument goes, Northern Ireland politicians will settle their differences and form a Government. Last month Mr. Roy Mason, the Northern Ireland Secretary, made precisely that point. In a public statement on Ulster's political future he warned the bickering political parties that devolution was passing them by.

Unfortunately, Ulster has grasped the wrong end of the stick. Instead of talking devolution, the province is discussing independence. To outside eyes it is hard to see how Ulstermen can believe that they will agree on the framework of a separate State after seven violent and inconclusive years disputing the much simpler question of an acceptable form of local government. But Loyalist paramilitaries and some members of the official Unionist Party have been talking with elements of the mainly Catholic Social Democratic and Labour Party and have even been finding common ground.

The situation is akin to two embittered rival football teams turning on an excessively officious referee. Britain, with its long-distance direct rule and its stern military presence, is the man-in-the-middle whom both sides have come to detest. The risk is, of course, that once the man with the whistle is gone the match will soon degenerate into a brawl. Ulster will finally arrive at its doomsday of a civil war bloodbath.

The counter-argument put forward by the pro-independence groups on both sides of the sectarian divide is, somewhat optimistically, that the province will be too busy building a better to-morrow to find time to fight—that the problems of constructing a new State, rather than triggering more violence, will absorb all Ulster energies.

So what form of independent State would Northern Ireland be? An autonomous republic that would remain inside the Commonwealth, according to some Unionists and the paramilitaries in the Ulster Loyalist Central Co-ordinating Committee. Or, as suggested by the SDLP's Cookstown Branch in its document "Negotiated Independence as a Way Forward," a State that like Australia, New Zealand and Canada would have the Queen as its titular head with a Governor-General appointed for a provisional 15-year period? Independent Ulster, say the SDLP proponents, would withdraw from the EEC, but would hope to negotiate a special arrangement with it, giving Northern Ireland access to EEC markets but protection from EEC industry.



Stormont, the seat of a Northern Ireland parliament, which Ulstermen claim coped for 50 years more efficiently with local needs than does Westminster now.

Considering that the advocates of negotiated independence are by and large the hard men of the two communities, the suggested arrangements for the new State's political structure show an encouraging moderation and spirit of compromise. Ironically, or more accurately irritatingly, the Loyalists even seem prepared to fall back on the lines of the Sunningdale Agreement which they themselves rejected when they brought down the power-sharing executive in May 1974.

The ULCCC favours a list system of proportional representation that would abolish Parliamentary constituencies in the six counties and return the 100 members of an Ulster assembly on the basis of votes for party rather than individuals. The cabinet would be elected on the same basis, and thus power-sharing would be built into the system. Alternatively, it has been suggested that, rather than opt for power-sharing, the Irish dimension could be institutionalised, so that there would either be a Council of Ireland or, alternatively, an arrangement under which the Dublin Government would work very closely with a Protestant Government in Stormont. The SDLP group pushes, not surprisingly, for both power-sharing and a Council of Ireland.

Perhaps because a political accord seems so improbable, most critics of independence concentrate on the economic unviability of an independent Northern Ireland. Next year, Britain will pay out almost £1bn. to balance Ulster's drooping tax yields with its rising public spending. Some Ulstermen contend that the province does not in fact run so large a deficit, and that if the books were drawn up differently the subvention would be much smaller. The ULCCC believes that a £300m. annual subsidy over 15 years would bail out Ulster, while the SDLP group thinks £500m. a year would be needed. Both have talked enthusiastically of radically overhauling the taxation structure in order to turn a new State into a tax haven. The SDLP group has said that new tax laws could bring £1bn.-worth of foreign investment.

The incentive for communities contemplating secession from an existing State is often economic—the belief that their resources are being drawn off elsewhere to their own disadvantage; not so in the case of Ulster. Economically, it is clear to all but the most unrealistic that a tiny population of 1½m. with the expensive tastes of the U.K. welfare state but a seriously declining industry would face a daunting future.

On the Protestant side, the usual motive is, as it were, reversed. The Loyalists feel rejected by Britain and in recent months there has been a spate of unsubstantiated allegations of British economic and military withdrawals. The feeling that Britain no longer seeks to maintain its involvement with Northern Ireland has produced a go-it-alone reaction. A secondary motive that the more suspicious among Ulster's half million Catholics fear may be lurking at the back of Loyalist minds is the thought that, with Britain gone, the way would be clear for a return to the good old days of a Protestant-run Stormont. Those Catholics in favour of independence nurse rather different dreams, of course. Some of them can easily foresee an independent Ulster forced into steadily closer bonds with the Irish Republic.

To date, the idea of Ulster's independence has attracted no support from quarters that really do matter, London and Dublin. Mr. Edward Heath, while Prime Minister, made his view plain in 1973 when the question of a British-subsidised but separate State last arose. "Not a penny, not a single penny piece," he told industrialists in Belfast. There is no reason to suppose that the present U.K. Government feels differently, and Mr. Mason has so far refused to dignify the subject with any serious comment.

The Irish Government is firmly committed to the view that Britain must remain in Northern Ireland for the foreseeable future and the opposition Fianna Fail party has also opposed independence for Ulster. But there are several fairy godmothers in the wings capable of arranging for Ulster to join the devolution ball. One of them is Mr. Jack Lynch, the Fianna Fail leader.

Mr. Lynch is thought to stand an even chance of regaining the premiership in the Irish election, now expected in May. His party's manifesto will include a demand for a phased British withdrawal from Ulster. Last month he also suggested a loose form of 32-county federalism—presumably along the economic lines he last pursued in 1971.

A change of Government in Dublin, therefore, could destroy the common Anglo-Irish position on the North and, presumably, would also gravely prejudice Westminster's plans for indefinite direct rule. Faced with a new Irish Government that coupled its demands of withdrawal with offers of "federal co-operation," Britain might find it preferable to devolve powers to Ulster, even if only along the lines of the administrative rather than law-making devolution suggested by some Ulster Unionist MPs.

Not that federalism is likely to be the answer to Northern Ireland's problems. Although it is often suggested that the economies of Ulster and the Republic are complementary and that reunification would bring economies of scale while marrying the North's heavy industrial production with the South's transformation industries, closer analysis shows this to be untrue.

Both economies are colonial, in the sense of depending on Britain, but they are competing colonial economies. Cross-border trade remains stubbornly low, with much less than a tenth of either area's total exports passing across the common land frontier, and most of that is live cattle. In searching for foreign investors and in developing their export markets in Britain and Europe, Ulster and Ireland are competitors.

Devolution emerges, consequently, as the only practical answer—which for Northern Ireland means going back to Square One. But at Westminster two more influential fairy godmothers have appeared who are apparently interested in including Ulster in the devolutionary debate. Mr. Heath has supported the proposal for administrative devolution put forward by Mr. James Molyneaux, leader of the eight Ulster Unionist members at Westminster, and the Liberal leader, Mr. David Steel, has if anything taken matters farther by tabling a motion that Northern Ireland be included in the Scotland and Wales Bill during the committee stage debate in January. The motion is to come before the House of Commons early in the New Year. If the Government is to avoid offending Ulster's ever-delicate susceptibilities it will treat it with tact.

Letters to the Editor

The power plant industry

From Mr. K. Hodgson

Sir,—I doubt if your various comments on the Central Policy Review Staff report (December 15) on the power plant manufacturing industry will do much to allay the fears of those workers employed in the industry about the future of their jobs.

Our own research unit was commissioned by the Amalgamated Union of Engineering Workers-TASS to produce a report on the power plant industry as a contribution from the union side, to the current debate. We, like the CPRS, highlighted the cyclical ordering pattern by the Central Electrical Generating Board which created a situation of alternating "feast and famine" of orders within the industry and the consequent uncertainty in the manufacturing of a product with long lead in times of about five years.

During a previous period of famine in 1967, George Brown's Department of Economic Affairs suggested two courses of action that the Government could take: (i) to introduce rationalisation simply by urging the CEGB not to give orders to some manufacturers or; (ii) to ask the Government financed Industrial Reorganisation Corporation (IRC) to try and bring about mergers. Eventually the latter strategy was adopted and the IRC backed a series of mergers including that between GEC-AEI and English Electric, which led to the estimated loss of at least 44,000 jobs.

To-day with a far more serious order famine approaching, the options being put forward do not appear to have changed much. On the one hand the CPRS is arguing for Government backed mergers of the turbine generator interests of Parsons and GEC in particular. While on the other, GEC and, to some extent, Sir Arthur Hawkins of the CEGB are saying that orders should not be advanced because of the cost and in effect are demanding total capitulation with the eventual withering away of Parsons turbine generator interests, the plums of which could be picked up at bargain prices by GEC. GEC has received a larger proportion of CEGB orders during the last five years, the company has at least three years' orders in hand and with net assets of £1.1bn., compared with the £50m. assets of Reyrolle Parsons, is in a much stronger position to survive a period of order famine.

Monopoly

Both these options, however, would eventually leave GEC with a monopoly of the turbine generating interests in Britain.

Yet, both the CPRS report and your own reporting fail to substantiate the argument for merger and the creation of a single monopoly within the industry. Instead it seems an unquestioned assumption that big is best and that to survive the U.K. power plant industry must merge to provide "a sufficiently large throughput of home and export orders to compete with KWU, Brown Boveri and other world leaders."

The problem with creating a monopoly in private hands is that what is good for GEC is not necessarily good for the country. A look at the export market potential shows that there is considerable scope for small sets, perhaps coupled with sewage or desalination plants, in Africa, South America and Asia. A large monopoly would not necessarily assist in achieving this objective.

As far as the costs involved in direct Government aid to the industry through the next few years of famine, the various figures bandied about do not take into account the social and economic costs of wide scale redundancies in any of the areas of the country where turbine generators and boilers are manufactured. Furthermore, the costs quoted in the CPRS report do not detail these costs in relation to time. It would be sad if in the short term interests of public expenditure cutbacks, the Government allowed a cornerstone of the country's manufacturing base to be tailored down to the present abnormally low level of home demand from which it would be unable to regenerate to deal with the anticipated energy gap in the 1980s and '90s, thus causing serious balance of payments problems.

In the conclusions of our report we stressed that it now rests crucially with the Government to reach a decision which ensures the immediate safeguarding of thousands of jobs and provides the basis for the long term future of the industry. In view of the scale of investment that will be involved it would make sense for the Government to consider greater direct government control of the industry. For example, some unions have argued for the setting up of a national holding company for the manufacture of fossil-fired power stations to complement the direct Government control which is now exercised over nuclear power plant production through the National Nuclear Corporation. Others have argued for complete nationalisation of the industry.

The argument in support of further mergers requires considerably more critical appraisal and consideration of the likely effects than has so far been made part of the public debate.

Keith Hodgson,
Research Worker.
North East Trade Union Studies Unit.
5, Queen Street,
Newcastle-upon-Tyne.

Hello there, girls

From Mr. S. Goldenberg.

Sir,—Despite the prevailing economic crisis, Post Office Telecommunications is publishing a glossy multi-coloured magazine entitled "Hello Girl," which they are distributing free to business consumers with switchboard installations, aimed at the telephonists.

It is bad enough that the considerable cost of this project must surely be subsidised from the revenue of our ever-increasing telephone bills, yet the autumn issue exposes our staff to an interview with a named employment agency, insidiously enticing them to the lucrative incentives being offered by their various clients.

I believe that the proliferation of publications for secretarial jobs, which are handed out free in the streets of central London, undermines the satisfaction of office employees. But, to have our staff canvassed at our own premises by a magazine which we subsidise, is the final effrontery.

Stuart A. Goldenberg.
Goldenberg and Co.
39, Bruton Place,
Berkeley Square, W1.

Efficient and praised

From the Managing Director, Cable and Wireless

Sir,—I am sure that all of us concerned in both the production and service sides of the telecommunications industry at home and overseas were most interested in the very lucid article by Christopher Lorenz of December 15.

It is therefore in no sense of general criticism that I hope you can find space to give equal prominence to this letter as to the statement in Mr. Lorenz's article which commences a paragraph with the words: "After all the recent parliamentary criticism of Cable and Wireless. . . ."

The foundation for that statement is unknown to me and I believe your readers' attention should more properly be drawn to the conclusion of the report dated May 26, 1976, by the Select Committee on Nationalised Industries, which commented on Cable and Wireless in the following terms: ". . . the outstanding impression conveyed by Cable and Wireless is the quiet efficiency with which it goes about its business of providing world-wide telecommunications services. . . . The enterprise is well founded and profitable, and earns for the country considerable amounts of foreign currency. . . . The efficiency of its communications services and the high standard of facilities that it provides, serve both to attract and to promote commercial activity. . . . It has made a material contribution to growth in developing countries. . . . It maintains a very presentable image at all its various installations around the world. . . . Cable and Wireless deserves the continued encouragement and approbation of the Government and of Parliament."

Far from being a criticism, and particularly in the context of Parliamentary committees in general, I believe this reflects a considerable compliment rather than any criticism of Cable and Wireless, which has shown an improvement in turnover, profit and return on capital in each of the last five years.

A. A. Willett,
Mercury House,
Theobalds Road, W.C.1.

North Sea oil extraction

From Professor P. Odell and Dr. K. Rosing.

Sir,—We are disappointed with Mr. N. J. Rubash's letter (December 10) in response to our study. This arises from his misinterpretation of our methodology and conclusions and indicates his failure to appreciate that our hypotheses owe much to discussions we had with his colleagues in Amoco. "When we've finished producin' our North Sea fields, there's gonna be oil and gas 'round the edges that never even knew we was there" was how one of Mr. Rubash's colleagues picturesquely put the fact of the limited development of offshore fields in contemporary U.K. cost/tax conditions. In light of this we sought Amoco's advice and comments specifically on its Montrose field—in a letter to the company of May 18, 1976. Unfortunately Amoco did not reply so we had to proceed with our analysis on the basis of the limited information available to us from the company's published statements on the field.

Thus all of Mr. Rubash's criticisms of our work arise as a result of inadequate and/or misleading information given by Amoco to the public (and the Government?). For example, Amoco has not publicly indicated the "net to gross pay ratio" in the reservoir sands. The gross sand thicknesses were given but non-productive horizons were indicated only in vague terms such as "rare stringers of very calcareous tight sandstones" and "intercalations of . . . micaceous shale." Amoco's published work, however (C. Fowler, "Geology of the Montrose Field" in *Petroleum and the Continental Shelf of N.W. Europe*, London, 1975) did say quite specifically that the oil in place reserves of the field were declared on the basis of the concept of a platform "drainage area": a concept then defined as "the area occupied by the production wells plus the area encompassed within 1,500 feet of the outer wells" (ibid. page 473). Furthermore, Amoco's map of the field (ibid, page 475) showed that such areas—even with two platforms—included less than half the total acreage of the field.

In other words, the reserves declaration is directly related to a production system and, indeed, Amoco gave the one- and two-platform figures, as 329m. and 450m. bbl respectively. Thus, when it chose to instal only one platform, the company severely limited the "size" of the field: a "size" with which our model's output for the one-platform system is an agreement.

We then went on to try to calculate what oil might be recoverable with a system comprehensive enough fully to deplete the technically recoverable reserves of the whole field. In this case the model came up with the higher figure of 416m. bbl. mentioned by Mr. Rubash (though our economic analysis shows that only 330m. bbl. of these will be recoverable). This figure, however, cannot be related to the 450m. bbl. which Amoco estimated as recoverable from the drainage areas of two platforms. The juxtaposition by Mr. Rubash of such uncomparable figures is a nonsense.

The managing director of Amoco then remains silent on the essential question about the field's development, namely, why did this company choose to deplete only a part of the northern section of the reservoir and none at all of the southern part? Our economic analysis indicates an entirely reasonable motivation. That is, because the limited production system is as much as Amoco thought to be worthwhile in terms of return on investment. Any extra capital investment on the field only presents an opportunity which is less good for the company than its alternative options to invest that money elsewhere in the world. Thus the Amoco decision is entirely rational from a company-based view.

From the U.K.'s point of view, however, the oil which is not to be produced has a higher present value—given what it could do for the country's balance of payments and for Government revenues. There is thus an inevitable divergence of interest between company and Government and our study first pointed this out and then examined methods whereby a reconciliation could be achieved. We showed, for example, how a direct Government investment of about $110m. (in PV terms) enables the field to be more intensively developed: with this help, Amoco maintains its required minimum rate of return on its own investment (25 per cent.) while the country benefits by a 50 per cent. increase in the value of the oil produced and in the flow of revenues to the exchequer.

These differences are so significant (and would remain significant even if our figures had to be severely adjusted downward to take account of the lesser net thickness of productive sands) that Mr. Rubash would seem likely to have difficulty in sustaining his claim that "nothing needs to be explained about his company's decision." Perhaps, indeed, he would care to say exactly what it is that he objects to over Britain becoming better off by a more intensive development system for the Montrose field, especially when this can be achieved without his company losing out at all as a result of the bargain which can be struck with the Government.

Peter R. Odell,
Kenneth E. Rosing,
Economic Geography Institute,
Erasmus Universiteit Rotterdam,
Postbus 1738, Rotterdam.

To-day's Events

GENERAL

Deputies of Group of Ten industrialised countries meet, Paris. Main business is expected to be International Monetary Fund call for activation of General Arrangement to Borrow, required to provide Fund with necessary currencies for loan to Britain.

Mr. Len Murray, general secretary, Trades Union Congress, meets leaders of Civil and Public Services Association in attempt to resolve its ban on Civil Service statistical work.

Mr. Roy Hattersley, Prices Secretary, holds meeting with officials of United Road Transport Union regarding its members' refusal to deliver bread to shops selling at less than 18p a loaf.

Parliamentary examiners end three-day inquiry into hybridity of Aircraft and Shipbuilding Industries Bill.

House of Lords rises for Christmas Recess until January 18.

Ban operates from to-day on foreign nationals owning businesses in Saudi Arabia.

Mr. R. A. Bennett, head of foreign exchange, Bank of England, addresses London Chamber of Commerce and Industry on "New Exchange Control Regulations." Painters' Hall, E.C.4, 4.30 p.m.

PARLIAMENTARY BUSINESS

House of Commons: Motions on Rate Support Grant Orders.

House of Lords: Debate on 6th report of Royal Commission on Environmental Pollution on nuclear power and the environment. Consolidated Fund Bill, second reading and remaining stages. Royal Assent to Bills.

Select Committee: Expenditure Committee (Trade and Industry Sub-Committee), 10.15 a.m. Subject: The Fishing Industry.

OFFICIAL STATISTICS

New vehicle registrations (November).

COMPANY RESULTS

Associated Dairies (half-year). BOC International (full year). Bond Worth Holdings (full-year).

COMPANY MEETINGS

British Anzani, Maidstone, 11. CLRP, Winchester House, E.C., 10.45. Common Bros., Newcastle upon Tyne, 11. Concentric, Sutton Coldfield, 2.30. Drayton Consolidated Trust, 117, Old Broad Street, E.C., 2.30. Long and Hambly, Winchester House, E.C., 11. Muirhead, Hyde Park Hotel, S.W., 11.15. Nedeem Tea, 37, Mincing Lane, E.C., 12. Scottish Cities Investment Trust, Winchester House, E.C., 12.

CHRISTMAS MUSIC

Carol singing by Nicholas Jackson Choir, St. Lawrence Jewry next Guildhall, E.C.2, 1 p.m.

English Chorale in carols and pop Christmas songs, Queen Elizabeth Hall, S.E.1, 7.45 p.m.

COMPANY NEWS + COMMENT

Granada up £3.9m. to a record £18.15m.

IN THE 53 weeks to October 2, 1976, turnover of Granada Group expanded from £119.58m. to £169.88m. and pre-tax profits advanced from £14.24m. to a record £18.15m., after £8.66m., against £7.02m., for the first 28 weeks.

Full year earnings are shown to be up from 7.91p to 9.73p per 25p share and the dividend is lifted from 2.375p to the maximum permitted 2.6125p net with a final of 1.1825p. A one-for-two scrip issue on Ordinary and "A" Ordinary shares is also proposed.

	1975-76 £000	1974-75 £000
Turnover	169,880	119,584
U.K. TV rental	65,942	44,712
Overseas TV rental	15,960	10,601
Television	40,534	31,706
Properties	1,483	1,402
Cinemas, bingo	8,545	6,765
Motorway services	18,751	14,954
Book and music pub.	6,896	6,248
Records and tapes	1,126	*341
Other	7,663	2,855
Trading surplus	52,375	37,629
TV rental depreciation	24,878	16,291
Other depreciation	3,497	2,284
Interest	5,855	4,830
Pre-tax profit	18,145	14,244
U.K. TV rental	10,283	8,320
Overseas TV rental	954	5
Television	4,526	3,220
Properties	1,116	869
Cinemas, bingo	960	880
Motorway services	712	526
Book and music pub.	703	945
Records and tapes loss	334	*1
Other profit	135	†210
Finance costs	943	510
Tax including equalisation	9,916	7,581
Net profit	8,229	6,663
Minority interests	121	525
Leaving	8,108	6,838
Interim dividend	1,191	938
Proposed final	985	790
Overseas currency loss	1,060	935
Tax equalisation provision	—	414
Sale of invests. and props.	35	78
To tax equalisation	4,950	—
Forward	16,185	16,822

* Four months. † Loss.

The results of TV Rental in the U.K. include trading results of Telstar Colour-Vision from October, 1975, and Spectra Rentals from April, 1976, and are after charging integration costs. In addition all rationalisation costs incurred during the year have been charged. The total of these exceptonal costs up to October 2, 1976, amounted to £1.22m. The merger of these two companies has now been substantially completed but further rationalisation is continuing in the current year.

The results of the record business have been affected by the depressed home market and reorganisation following acquisition.

The subsidiary, Barranquila Investments reports turnover of £1.34m. (£1.3m.) for the year to September 30 and pre-tax profits of £768,000 (£696,000) after administration, financing and amortisation charges of £528,000 (£551,000). Tax takes £400,000 (£373,000).

The final dividend is 17.09p (15.54p) to make a total of 27.86p (25.33p) per 50p share.

See Lex

HIGHLIGHTS

With the long tap running out Lex takes a look at the gilt-edged market. Also in the Column are the figures from Granada which show an acceleration in the growth rate in the second half, thanks mainly to the rental side, as well as a run down on the amount of foreign investment in U.K. equities. At Cooper Industries first-half profits are some 150 per cent. higher reflecting a late demand from the steel sector while at Alexander Russell the interim rise is 3¼ per cent. on a sales gain of 16 per cent.

Charter Trust advance

FOR THE year to November 30, 1976, Charter Trust and Agency reports total income up from £1.36m. to £1.45m.

Net earnings are ahead from £632,458 to £698,494 equivalent to 1.89p (1.71p) per 25p share.

With a final payment of 1.2p net the dividend total is raised from 1.55p to 1.8p at a cost of £684,022 (£571,624).

For the year management expenses take £95,316 (£85,867), debenture and loan interest £168,119 (£175,761) and tax £458,031 (£432,097).

English & Overseas in profit

By reducing overheads in the six months to September 30, 1976 English and Overseas Investments has returned to profits with £25,823, before tax. For the last full year a loss of £155,565 was incurred on turnover of £2.87m. Turnover for the first six months was £1.75m.

The directors say that they anticipate that further benefits will accrue to the group in the future.

Half-yearly earnings are 0.15p per 10p share against a 0.93p loss for the last full year. There is no interim dividend—the last payment was an interim of 0.85p net for 1973-74.

Setback for Enalon Plastics

Enalon Plastics has done little better than breaking even in the second half to June 30, 1976 to give pre-tax profits of £51,800 for the year compared with £157,400 after £51,000, against £88,000 for the first half.

After tax of £25,000 (£80,000) and a transfer of £5,000 (debit £10,000) from the property maintenance reserve, stated earnings are down from 12.08p to 4.18p per 25p share. The dividend is held at 4.4373p net with a final of 2.9373p.

Although the value of turnover in the second half increased considerably the impact of an adverse mix of products and the effect of increased labour costs resulted in an unexpectedly disappointing level of profit, say the directors.

Since the year end the level and mix of turnover indicate that profitability has recovered, and with present orders it is expected that the current period will show an improvement.

Danae Trust little changed at halfway

Gross revenue of Danae Investment Trust came to £248,476 for the six months to November 30, 1976 compared with £251,881 last time. After tax of £78,246 against £91,327 stated earnings slipped from 1.57p to 1.45p per 50p share.

The interim dividend is held at 1.206p net. Last year's total was 2.831p paid from earnings of 3.1p.

The net asset value is given as 20.75p (21.47p) per share.

Scrimgeour turns in £0.44m.

FROM REVENUE of £2.42m., pre-tax profits of stockbrokers, etc., J. and A. Scrimgeour reached £439,844 for the period from October 20, 1975 to September 17, 1976. Earnings are shown at £3.19 per £1 share or £0.34 fully diluted.

Mr C. G. Vaughan-Lee, the chairman, says the trading period was the first of the present company which is the successor to the company formed in 1971 to take over the business previously run as a partnership. It has been a successful start and after substantial expenditure on the renewal and maintenance of fixed assets, the company has been able to put a reasonable sum to reserves, some part of which is designated to the redemption of the loan stock.

Members are told that the first half was characterised by a high level of turnover, particularly in gilt-edged stocks. Activity fell away progressively through the summer, but was replaced by an upsurge in equity issues by companies. The revival which was concentrated on rights issues but embraced placings of ordinary shares, rivalled the similar upsurge in 1975 and the company was able to participate fully. It also continued to play a leading part in local authority finance, maintaining its strong position as an issuing house both for stock and for short-dated bonds.

Early in 1976 it became clear that the basic service of the associate Management Horizons (U.K.) was not likely to succeed. The company and its partners therefore provided additional finance to enable a new service to be developed. This was first marketed in June and, so far, looks to be much better attuned to the needs of U.K. retailing and consumer industries. The company has no further financial commitment here, states the chairman.

Mr. Vaughan-Lee says it is the growth in costs rather than the fall in turnover which has produced such intense pressure on the stockbroking community. After the major reorganisation undertaken in 1973, the upward movement in total expenses has at least been temporarily halted. The new computer will enable the company to operate and develop its range of investment programmes. The purchase is reflected in the accounts.

The chairman expects conditions to be variable with periods of intensely depressing trading. It would therefore be wrong to look forward to a year as profitable as that just completed, he warns. Nevertheless "I am not pessimistic."

Meeting, The Stock Exchange on January 13 at 3.45 p.m.

A. Russell just ahead halfway

ON TURNOVER ahead from £4.13m. to £4.79m. pre-tax profits of Alexander Russell show a marginal increase from £297,712 to £307,954 for the six months to September 30, 1976. Profits for the year to March 1976 were a record £555,989.

The interim dividend is lifted from 1.038p to 1.219p net per 10p share. Last year's total was 1.8165p.

After tax of £160,136 (£154,810) and minorities of £7,574 (£12,648), the first half attributable balance is up from £127,629 to £137,619.

The groups interests include the distribution of fuel and building suplies, quarrying, quarry management, and coal recovery.

● comment

Alexander Russell's sales advance of 16 per cent. and profits increase of 3¼ per cent. shows just how flat the group was in the firs thalf, despite good summer weather which enabled the quarrying and block divisions to sustain a reasonable level of output. Evidently demand held up well, for what are basically building materials, thanks to the overspill from the North Sea development, but since the half year the recession is biting into orders and the weather has also moved against the company. Meanwhile, the yield on coal recovery operations fell, and profits were further hit by the exceptional opening costs of a new London branch. Overall the building materials division looks set to remain flat and coal extraction will not show any recovery this year. So full year profits are unlikely to be up on last year's £556,000 and the share look short of support at 41p where the maximum yield is 7.7 per cent.

Winding-up of thirty companies

Orders for the compulsory winding up of 30 companies have been made by Mr. Justice Slade in the High Court. They were:—

Ibersport Marketing, Danka Builders, Celoware Builders, Murray Ryan, Hall Beddall and Company, Norris Transport, Centreheat Wholesalers.

Peek Winch and Tod, Peek Winch and Tod (Wakefield), Priebe (U.K.), Maxwell Staff, Sdlbury Properties, Squarechoice, Stablerose.

W. F. Beadle (Contractors), Rudds, D. Pallant and Company, A. D. Lavelle and Company, Pamlex, Martin Staff Agency, Cable Ancillaries.

Eurochoice, Banica Holdings, Rao Catering Company, J. R. Massey and Company, W. and R. Cousins, Lynefree, Dunmul, Weddrin, and Lanka Films.

CROWTHER AND NICHOLSON

The liquidator of Crowther and Nicholson advises that a first distribution of 3p per Ordinary shares will be made on December 29.

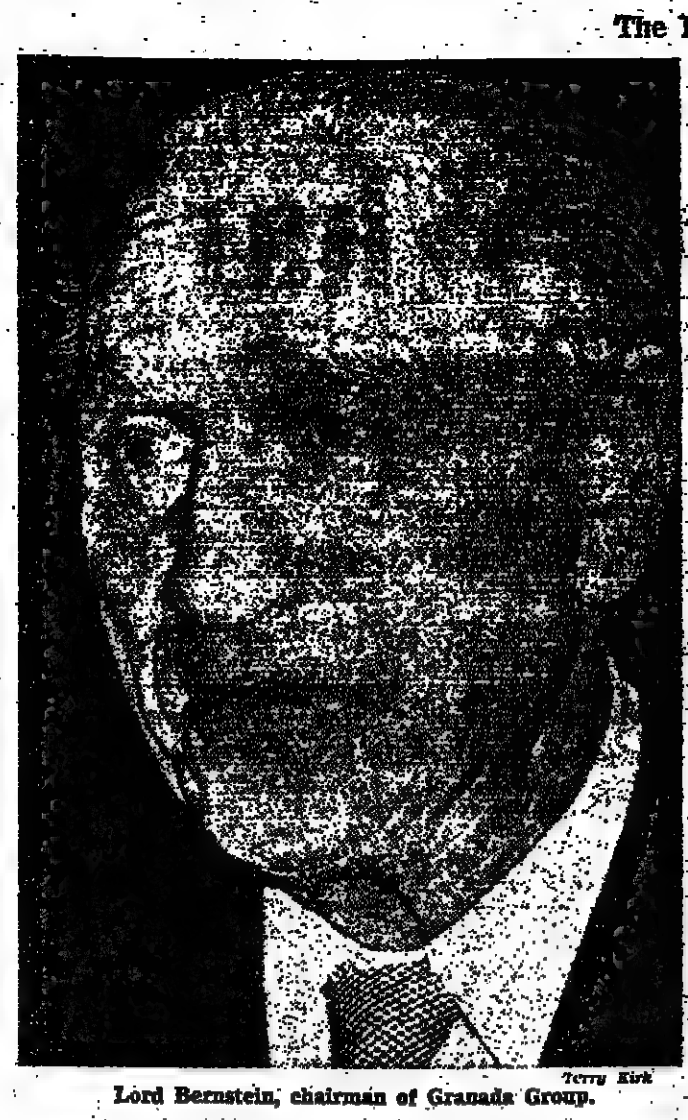
BANK AND COMMERCIAL

Shareholders of Bank and Commercial Holdings voted at yesterday's annual meeting that the vacancy created by the retirement by rotation of director, Mr. M. S. Birrane, should not be filled.

A move to reject the accounts, which were heavily qualified by the auditors, failed.

ASSOCIATES DEAL

Williams de Broe Hill Chaplin has bought on behalf of Booker McConnell 12,500 Kinloch (Provision Merchants) at 229p.



Lord Bernstein, chairman of Granada Group. *Terry Kirk*

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Barranquila Invs.	17.09	April 1	15.54	27.86	25.33
Cooper Industries ......int.	0.4	April 1	0.36	—	0.74
Danae Trust ......int.	1.21	Feb. 23	1.21	—	2.83
Enalon Plastics	2.94	Feb. 11	2.94	4.44	4.44
Equity Consort Inv. Trust int.	2.0	Jan. 31	2.0	—	5.53
Granada Group	1.18	April 1	1.08	2.61	2.38
Land and House Property	2.03	—	2.03	3.75	3.73
Alexander Russell ...int.	1.22	—	1.04	—	1.82
Catalin ......int.	0.38	—	0.53	—	1.44
Charter Trust & Agency	1.2	March 11	1	1.8	1.53

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

Shipyard angered by Danish-BR deal

BY OUR SOUTH SHIELDS CORRESPONDENT

SHOP STEWARDS and workers at Swan Hunter Ship Repairers, North Shields, are protesting against British Rail placing a big ferry conversion contract with a Danish yard.

They have sent telegrams to Mr. Albert Booth, the Employment Minister, and a Northern group of Labour MPs pointing out that a nationalised industry is putting contracts overseas when U.K. repair yards are desperate for work.

Swan Hunter Ship Repairers has converted two British Rail ferries in the past two two years. It was thought to be in with a good chance of getting the latest job—converting the 3,600-tonne Dover to increase its roll-on, roll-off capability.

"This represents eight months' work and it wouldn't have been so bad if we had lost it to another British yard, at least the job would have stayed in the country," said Mr. Elliott, works convener.

"But it is diabolical to think that a nationalised industry can give the contract to a foreign yard when work is needed here."

However, it is understood that the tender by Aalborg Shipyard, which won the contract, far outstripped Swan Hunter Ship Repairers and two other U.K. companies which had competed.

The Danish yard quoted a fixed price of £1.96m. and delivery of the Dover by the end of April, in time for the revenue-boosting cross-Channel summer season.

The best U.K. quote was £3.01m. with completion of the job next autumn—£1.05m. more and four months longer.

British Rail told the Government that to run its business commercially it could not overlook the Danish tender. It is understood that there was approval in Whitehall that the job could go to Denmark.

Hardys & Hansons/Wace

In the reports on the results of brewers Hardys and Hansons and of printing plate suppliers Wace Group, two paragraphs of text were inadvertently transposed.

The correct versions of both companies' figures are as follows.

For the year ended October 1, 1976, turnover of Hardys and Hansons rose from £6.67m. to £8.22m. and pre-tax profits advanced from £1,296,501 to £1,504,475, after £0.63m., against £0.54m. for the first half.

Full year earnings are shown to be up from 11.82p to 13.887p per 25p share before extraordinary items and the dividend total is lifted from 5.5p to 6.4p net with a final of 4.6p. The Board is of the opinion that the company is close.

Tax takes £802,591 (£697,961) while a net surplus on sales of fixed assets adds £114,830.

In the first half of 1976 Wace Group lifted its pre-tax profits from £36,300 to £70,860 on turnover of £918,400 against £799,800.

The interim dividend is raised from 0.4p to 0.48p net per 20p share. Last year's total was 0.9637p paid from pre-tax profits of £31,194.

After tax of £31,500 (£17,400), extraordinary items of £11,690 (nil) and minorities, the attributable balance is up from £16,430 to £25,160.

The directors state that, profits have been maintained at a higher level than is normally the case in the second half. Investment in new processes and techniques is making a significant contribution to group profits.

The company has acquired a controlling interest in a toy manufacturing and litho company with in-plant printing facilities. Consideration for the 85 per cent. interest of Gainsborough Press is £16,965.

Midterm upsurge at Cooper Industries

ON TURNOVER some £4.42m. higher at £10.28m. pre-tax profits of Cooper Industries jumped from a depressed £376,000 to £938,000 for the six months to October 31, 1976.

The interim dividend is lifted from 0.36p to 0.4p per 10p share and the directors anticipate a maximum permitted final compared with last year's 0.377p. Profits for all 1975-76 were £1.12m.

Conditions in the first half have enabled the directors to make better use of productive capacity, though there is still plenty of spare capacity available.

They hope that conditions in the second half will enable the group to continue its growth, at present the demand pattern makes a forecast impossible.

	Six months 1976 £	1975 £
Turnover	10,284,000	5,867,000
Group profit	822,000	163,000
Share associate	[illegible]	[illegible]
Pre-tax profit	938,000	376,000
Tax	487,800	155,000
Net profit	450,200	221,000
Interim dividend	123,700	111,000

The group operates a steel re-rollers, precision engineers, builders, and metal sprayers.

● comment

Demand from the steel sector has picked up in the last few months and that can take credit for most of the upturn achieved by Cooper Industries over the last 12 months. The interim pre-tax profits are 150 per cent. ahead, an improvement which can have little to do with the house-building and development interests which must still be severely depressed. Steel demand has remained strong so far in the second half but this has always been one of the group's more volatile interests and the shares which rose 1½p yesterday to 10½p, must be leaning heavily for support on the yield of 12.7 per cent., which is already comfortably covered by halftime earnings.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Associated Dairies, N. Brown Investments, Eastern Produce, Petbow, Radium Metal Finishing, W.G.I., Wallis Fashion Group.

Finals—BOC International, Worth (Bond).

FUTURE DATES

Interims—
Stead and Simpson .... Jan. 10

Finals—
Alexanders Discount .... Jan. 24
Allied Breweries .... Jan. 6

Recovery at Land and House Prop.

AN ADVANCE from a depressed pre-tax profit of £142,779 to £282,728, was achieved by Land and House Property Corporation for the year ended September 30, 1976.

This follows a first half net profit of £151,334 (£279,674), after tax of £100,300 (£87,250) and transfer out of capital reserve of £59,000 (£165,000). The directors then said they anticipated a result for the year similar to that for 1974/75.

They now state that during the year investment properties were sold for about £4.6m. After taking into account the benefit of discounts on the redemption of associated borrowings, there was a surplus over book value of £653,000. Capital Gains Tax for the year is estimated at £251,000 and the provision for unrealised losses on exchange was increased at the year end by £1,830,428.

Stated earnings per 50p share were higher at 3.92p (3.76p) and the final dividend is held at 2.03p net making a total for the year of 3.753p (same).

	1975-76 £	1974-75 £
Gross income	4,254,081	3,560,770
Net rent income	860,580	[illegible]
Net surplus on props.	131,520	[illegible]
Write-off on props.	—	112,000
Share assoc. co. losses	95,165	70,578
Interest, etc †	234,338	[illegible]
Other expenses‡	389,211	427,021
Taxation	227,964	154,535
From cap. reserve:		
Re interest	180,000	165,000
Re Australia*	192,000	205,000
Net profit	406,780	551,244
Pref. dividend	532	532
Ord. dividend	380,421	380,521
Minorities	8,729	*7,039
Retained	17,211	7,692

* Interest, etc re withdrawal from Australia. * Debit. ‡ Attributable to properties under active development.

Equity Consort half year progress

Pre-tax revenue of Equity Consort Investment Trust has moved ahead from £136,702 to £160,192 for the six months to October 31, 1976.

The interim dividend is held at 1.95p net per share and the Board anticipates at least maintaining last year's level of distribution when the total payment was 5.525p on net pre-tax revenue of £309,976.

The midway revenue figure was struck after interest on Converted Unsecured Loan stock of £1,616 (£3,268) and expenses. The tax charge was £57,373 (£48,989).

ISSUE NEWS

Yearlings at 13¾%

The coupon rate on this week's local authority yearling bonds has fallen for the second week in succession. This time another ¼ point fall takes the rates down to 13¾ per cent. The bonds are due on January 4, 1978 at par.

The issues are: Bradford Metropolitan District Council (£½m.), Mole Valley District Council (£½m.), Amber Valley District Council (£½m.), Borough of Rosendale (£0.3m.), London Borough of Newham (£1m.), Llanelli Borough Council (£150,000), City of Wakefield Metropolitan District Council (£½m.), Arfon Borough Council (£450,000), Borough of Burnley (£½m.), Metropolitan Borough of Knowsley (£½m.), North East Fife District Council (£½m.), Borough of Hyndburn (£½m.), Lancashire County Council £1m.), City of Lincoln (£½m.), Woking Borough Council (£½m.).

City of Chester (£½m.), Hereford and Worcester County Council (£1½m.), Cannock Chase District Council (£½m.), Highland Regional Council (£1m.), St. Albans District Council (£½m.), Borough of Tamworth (£½m.), City of York (£½m.), Fife Regional Council (£½m.), City of Glasgow District Council (£1m.).

Stirling District Council (£½m.), Rushmoor District Council (£1m.), Torbay Borough Council (£½m.), Castle Morpeth District Council (£½m.), Bury Metropolitan Borough Council (£½m.), Kirklees Metropolitan Borough Council (£½m.), Borough of Eastleigh (£½m.), South Staffordshire District Council (£½m.), Wirrel Borough Council (£½m.), Chorley Borough Council (£½m.).

Moscow Narodny increase

At an extraordinary general meeting of Moscow Narodny Bank the authorised capital was raised by £15m. to £40m. An issue of £15m. was also made, bringing the paid-up capital to £36.5m.

Those present at the meeting included Mr. V. S. Alkhimov, chairman of the State Bank of the USSR and Mr. A. R. Maseev, deputy chairman of the Bank for Foreign Trade of the USSR. The State Bank and the Bank for Foreign Trade are the major shareholders of the Moscow Narodny Bank.

At a Board meeting of the Moscow Narodny Bank Mr. O. N. Koulikov was appointed chairman following the retirement of Mr. S. A. Shevchenko.

CHLORIDE—94%

Chloride Group's second rights issue within two years has got off the ground with an acceptance of 94 per cent. The issue on the basis of two-for-seven at 62p each has been well received and the balance of 6 per cent. has been sold in the market at a premium. The net proceeds will be distributed to shareholders, except that no payment will be made for less than £1.

RESULTS AND ACCOUNTS IN BRIEF

BATLEYS OF YORKSHIRE (cash and carry warehouses)—Interim dividend 0.9p (0.8p total 2.9653p) for year to April 30, 1977. Turnover, half-year to October 30, 1976, £16,739,061 (£12,779,408). Profit £98,373 (£94,168) after tax £105,425 (£100,873). Earnings per share 3.73p (2.57p).

CASTLEFIELD (KLANG) RUBBER ESTATE—For administrative reasons, report for year to June 30, 1976, will not be posted before December 31. Intended to post the report on January 11.

CORONATION SYNDICATE—Results for the year to September 30, 1976, already reported. Mining assets £18.25m. (£16.31m.). Meeting, Johannesburg, on January 12.

CULLENS STORES—Provided there is no worsening in trading conditions between now and end of year, intended to pay a second interim dividend in May.

FRANCIS PARKER—At to-day's annual meeting, shareholders agreed to adjourn to a date to be decided by the Board. It is expected that the adjourned meeting will be held in February when the accounts for the year to March 31, 1976, will be considered.

H. J. HEINZ COMPANY—Third interim dividend 3.575p per share, payable January 25, 1977.

KAMUNTING TIN DREDGING—Half-year results to September 30, 1976: Pre-tax profit £35,000 (£27,000), surplus on buffer stock £106,000 (nil). Tax £105,000 (£27,000).

D. M. LANCASTER—Results for the year ended June 30, 1976, already reported. Group fixed assets £17,005 (£15,650). Net current assets £186,333 (£138,419). Meeting, Manchester, January 7 at 2.30.

LE VALLONET INVESTMENT TRUST.—Results for year to July 31, 1976, already reported. Group quoted investments £512,168 (£393,273), unquoted £243,369 (£347,720). Net current assets £7,625 (£335,072 net current liabilities). During period since balance sheet date, company has become increasingly liquid. While immediate future remains obscure, liquidity will enable Board to take advantage of increasing attractive level of yields. Meeting, St. Helier, Jersey, January 6 at 11.30 a.m.

MALAYSIAN TIN—Tribute and sundry revenue half year ended September 30, 1976, £19,060 (£8,222). Working expenditure £7,293 (£4,821). Working profit £11,767 (£3,401). Administration expenses £2,668 (£2,785). Profit before tax £9,099 (£616).

NMC INVESTMENTS—Pre-tax profit for half year to September 30, 1976, £26,048 (£15,735) after dividends and interest £54,827 (£29,095). Loss of sale of investments £3,014 (profit £30,366), interest £12,077 (£316) etc. Tax £10,379 (£9,345). Board reports that trading at Propp Corrugated Cases is very satisfactory and it is anticipated that its profit in the second half will be higher. Investment dealing remains unreliable source of income, particularly at present.

NOVA (JERSEY) KNIT—Half year (to September 30, 1976) pre-tax profit £24,000 (£15,000) on sales £2.37m. (same). Tax charge £12,000 (£7,000), extra-ordinary credits £4,000 (£88,000), leaving £16,000 (£96,000). Again no interim dividend. Last payment was an 0.5p net final in 1973-74. The directors state that claims against the company in Germany are before an arbitration tribunal which has recently dismissed claims amounting to £285,000. The company's legal advisers are of the opinion that the remaining claims, which are now before the same tribunal, will also be dismissed.

PRINCE OF WALES HOTELS.—Turnover £1,250,003 28 weeks to July 14, 1976 (£954,499 half year to June 29, 1975). Pre-tax loss £12,157 (loss £18,082). In first half loss normal as profitable period fall in second half. Current trading satisfactory. Due to change in management accounting dates results not strictly comparable.

RAND SELECTION CORPORATION—Results for year to September 30 already known. Total assets R1 02bn. (R0.91bn.). Listed investments R231m. (R216m.), market value R538m. (R677m.). Unlisted investments R78.78m. (R93.26m.), directors' valuations R109.5m. (R118.24m.). Meeting, Johannesburg on January 21.

SOUTHERN KINTA CONSOLIDATED—Profit after depreciation and depletion but before tax and exceptional items, half-year to September 30, 1976, £1,045,000 (£834,000). Add surplus on buffer stock £290,000 (nil). Deduct tax £782,000 (£311,000).

JOHN SWAN AND SONS (livestock auctioneers)—Turnover half year to October 31, 1976, £209,290 (£225,000). Pre-tax profit £116,000 (£97,700). Tax £60,300 (£45,600).

TIOXIDE GROUP (production and sale of titanium oxide and other titanium components)—Interim 0.6p (0.3p) to reduce disparity. It does not imply that a greater total is in contemplation in respect of 1976.

TRIEFUS AN DCO.—Pre-tax profit half year to June 30, 1976 £147,306 (£83,729). Sales £4.83m. (£4.09m.). Taxation £74,809 (£26,639). Income for this London diamond merchants company does not accrue evenly through the year, therefore results for the first half are not necessarily an indication of probable results for year. Last year full-time profit £291,590 on £8.69m. sales.

TRIPLEVEST—Net asset value as at November 30, 1976, 133½p (171½p) as at August 31, 1976.

WADE POTTERIES—Results for year ended July 31, 1976 reported November 30 with directors' comments on prospects. Fixed assets £1,259,306 (£1,336,331). Current assets £2,706,359 (£1,420,527) and liabilities £1,145,299 (£1,335,292). Value of goods exported from U.K. averaged £1.12m. (£1.02m.). Meeting, Burslem, Stoke-on-Trent, January 18 at noon.

MINING NEWS

BSC's Quebec venture fixes finance

BY PAUL CHEESERIGHT

THE MAJOR financing arrangements for the only new iron ore mining complex currently under development in Canada, in which the British Steel Corporation has a 41.67 per cent. stake, have been completed and a formal announcement is expected to-morrow.

The mine is the Sidbec-Normines $500m. (£297.6m.) venture at Fire Lake in northern Quebec. The shareholders, in addition to BSC, are the Quebec Government-owned Sidbec with 50 per cent. and the U.S. Steel subsidiary, Quebec Cartier Mining, with 8.23 per cent.

The financing announcement will explain that First Boston Corporation and Greenshields have placed $398.4m. in mortgage bonds with a maturity of 23 years. About $98m. of the bonds are denominated in Canadian dollars and carry an interest rate of 11⅜ per cent. Some $300m. worth of the bonds are denominated in U.S. dollars and carry an interest rate of 10¼ per cent.

The bonds have been placed privately among North American institutional investors, who made their commitments in principle as early as last spring. There has been a nine months' delay in completing the arrangements because of the time taken to draft the legal documents.

The annual ore production at Fire Lake will be 14m. tons a year, our Toronto Correspondent reports. The deposit contains ...m. tons of ore with an iron content of 33.5 per cent. Open-cast mining systems will be used, with production starting next year.

After crushing the ore will be processed at Quebec Cartier's Lac Jeannine concentrator some 60 miles away from the mine site. The iron content will be raised to ... per cent. and the silica content reduced to 5 per cent. Concentrate production will be 6m. tons a year.

The concentrates will be pelletised at Port Cartier, which is on the north shore of the Gulf of St. Lawrence and has year-round access. Port Cartier is 225 miles ... from the concentrator by ...

In October last year, BSC put its investment in the project's equity at £40m. spread over three years. But it is also committed to purchasing 2.5m. tonnes of pellets a year, nearly half of the mining complex's production.

BSC has been seeking iron ore internationally to support its expansion programme and the supplies from Fire Lake represent a significant portion of its future needs. By 1980 BSC imports are expected to reach 28m.-29m. tonnes, including the pellets from Fire Lake.

Canadian iron ore is, however, expensive by the standards of most of the world's major producers. But the fact that the infrastructure is already in place to maintain the Fire Lake venture, thus reducing the lead-in time for the mine, would have made the investment attractive for BSC.

There is nevertheless concern in Canada about the deteriorating competitive position of the Canadian iron ore mines, subject to high wage and tax rates. The main fear is the impact that Brazil might have on traditional Canadian markets in the U.S., Japan and Europe.

The fact that Fire Lake is the only new iron ore mine coming on stream indicates that the rapid expansionary phase of the Canadian industry is coming to a halt. Production levels are likely to increase at least until 1980, however, as earlier plans for greater output among the producers come to fruition.

Total iron ore shipments from Canada this year are likely to be around 55m. tons, worth more than $1bn. But official forecasts of production in 1980 have now been downgraded to 68m. tons from 80m. tons.

HEMERDON ENDS FIRST PHASE OF DRILLING

The first phase of exploratory drilling at Hemerdon Mining and Smelting's tungsten-tin-china clay prospect on the edge of Dartmoor, seven miles from Plymouth, will be completed at the end of this week, it is learned. The second phase of the programme is scheduled to start in February next year.

So far some 40 holes have been drilled since the middle of November with the aim of establishing the perimeter of the orebody. Depths have hen confined to 120 feet owing to the level of the water table, which was higher than expected.

Assay results from the drilling are still awaited and no hard information exists so far on the value of the orebody. Mineralisation has, however, been intersected.

The next phase of exploration will be core drilling at depths of between 300 and 600 feet, although Hemerdon are prepared to go deper if necessary. Until the present work started there had been no drilling beneath 60 feet, although there was a mine on the site in World War II.

Randfontein's uranium

WEEK-END PRESS reports in Johannesburg that Randfontein's negotiations for the financing of its big uranium plant expansion had collapsed have been vigorously denied by Johannesburg Consolidated Investment, which manages the mine, our Johannesburg Correspondent reports.

It was reported that Occidental Petroleum, which was said to be negotiating with Randfontein in association with Phelps-Dodge and Newmont, "had successfully hammered out terms when Occidental's representative was ordered to pull out completely." The withdrawal was said to be based on political considerations, though it was also suggested that Occidental "had too many commitments elsewhere" to proceed with the Randfontein development.

The report added that "JCI was taken entirely by surprise and the problem was compounded by the total absence of any immediate replacement partners."

Johnnies has declined to issue a formal denial on the grounds that it would have to do so in future whenever similar stories were published. But a spokesman said that "Occidental has never been involved with Randfontein or with Nufcor"—the Chamber of Mines uranium marketing arm—which is negotiating contracts on Randfontein's behalf in which, as Randfontein's October announcement to shareholders advised, "suitable loan finance" is a pre-requisite.

It was also learned unofficially, our correspondent adds, that the consortium of South African banks which is supplying the loan facilities of up to R140m. (£96.5m.) is proceeding as planned on the basis of firm uranium supply contracts and that the first tranche of funds will be released early in the New Year.

Randfontein were £22⅛, up ⅛, yesterday.

RECENT ISSUES

EQUITIES

Amount Paid Up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price £	+ or −	Div. Rate Amount	Times covered	Gross Yield	P/E Ratio
F.P.	—	381¼	281¼	Utd. Technologies US$5	£31¼	−1	Q$1.20	—	3.4	—

FIXED INTEREST STOCKS

Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price	+ or −
F.P.	18/2	£98	£97½	Adams Foods 10% Conv. 1981-83	98	......
F.P.	28/1	97½	95¼	Essex Water 9% Red. Pref. 1982	97½	......
F.P.	—	$101	$99	Gotaverken AB 8% Guar. Notes 1982	$101	......
F.P.	—	$96¾	$98½	Gotaverken AB 8½% Guar. Bds 1986	$99½	......
—	—	$99	$98½	I.U. O'seas Finance 9% Guar. Bds 1983	$99	......
F.P.	—	$100	$98½	Kockums Meck 8% Guar. Notes 1983	$99½	......
F.P.	—	KD98¾	KD98	Korea Development Bk. 8½% Guar. Bonds 1979	KD98¼	......
F.P.	—	KD97½	KD97	Korea Development Bk. 9½% Guar. Bonds 1981	KD97½	......
F.P.	—	$100	$98	Midland Int. Fin. 8½% Guar. Bds 1986	$98½	......
F.P.	1/12	71	70	Newman Inds. 10% Cum. Pref.	70	......
F.P.	—	$c99¼	$c98	Nova Scotia (Prov. of) 9% Db. 1983	$c99¼	......
F.P.	—	$101¼	$98	Polysar 9½% Deb. Series 'D' 1986	$101¼	......
F.P.	—	$99½	$98	Sth. of Scotland Elec. 8½% Guar. Notes 1981	$99½	......
F.P.	—	$98½	$98	SodraSkogsagarna 8½% Guar. Bds. 1986	$99½	......
F.P.	7/1	96½	96¼	Tendring Hundred W'works 9% Red Pf. 1981	96½	......
—	—	$98½	$96½	Urquijo Intl. Guar. Float Rates Notes '81	$96½	......
F.P.	7/1	75⅛	71	Willis Faber 7% Cum. Pref.	72	......

"RIGHTS" OFFERS

Amount Paid up	Latest Renunc. Dates †	Latest Renunc. Dates ‡	1976 High	1976 Low	Stock	Closing Price p***	+ or −
Nil	—	—	⅛	⅛	Aberdeen (city of) Land Assoc.	⅛pm	−⅛
F.P.	10/12	28/1	101½	68	Assoc. Engineering	75½	−½
$A2	—	5/12	560	270	Broken Hill Props.	480	−8
F.P.	20/12	10/1	86	70	Chloride Group	86	+1
F.P.	6/12	7/1	15	11½	Cray Electronic	15	......
F.P.	3/12	17/12	242	189	National Bank of Australasia	235	−7
F.P.	18/6	—	197	128	Western Mining	135	−8

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. c Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. u Forecast dividend: cover based on previous year's earnings. m Figures based on prospectus or other official estimate for 1976. r Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ♥ 230 S.Afr. cents. ‡ Rights by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † provisional or partly-paid allotment letters. § With warrants. ◆ After suspension. KD Kuwait Dinar.

Norcros pension deficit will be absorbed

By Kevin Done, Industrial Staff

THE NORCROS Group, an industrial holding company, has told more than 1,000 of its employees that a £1m. deficit that had been revealed in its pension fund will be absorbed by the group.

Norcros said yesterday that the deficit was partly due to high wage awards and high inflation in 1974.

The deficit affects those workers who have paid into a pension fund set up by the Crittall companies which were acquired by Norcros from Slater Walker in 1974.

None of the workers who pay into the fund will lose any money, according to Norcros. The fund covers workers at nine divisions of the company in various parts of the country.

ALUMINIUM OUTPUT RISE

The International Primary Aluminium Institute said yesterday its members produced 857,000 tonnes of primary aluminium in November, compared with 784,000 tonnes in November 1975.

Production from January to November 1976 totalled 9,103,000 tonnes compared with 8,911,000 tonnes during the same period last year.

BIDS AND DEALS

DST valued at 57.66p

Yesterday, Trafalgar House Investments made its expected bid for Direct Spanish Telegraph. The terms are 62 Ordinary shares of THI for 100 Ordinary shares of DST, valuing the investment trust's share at 57.66p each.

A separate cash offer will be made through Kleinwort, Benson buying from DST shareholders any THI shares issues under the offer on the basis of 82.5p for each THI share, equivalent to 51.15p per DST share.

The Board of Direct Spanish Telegraph is recommending the offer. The directors intend to accept it in respect of their own 12,874 shares and irrevocable undertakings have been given in respect of 2,507,700 shares—representing 27.3 per cent. of the DST equity—representing the stake held in the Slater Walker Unit Trusts.

Trafalgar House confirmed that it wished to purchase the company outright and did not want to maintain its public quotation. The attractions of DST lay mainly in realised and unrealised capital gains tax losses of £7.8m., it said. Full acceptance of the offer would lead to the issue of a further 5,688,678 Ordinary shares in THI.

At December 17, net tangible assets of DST amounted to £4,803,000, equivalent to 52.24p per Ordinary share. At the time the investment portfolio consisted of cash and short-term deposits of £2.96m. plus £2,524,000 of quoted and unquoted securities.

The bid is subject to confirmation that net tangible assets are not less than that shown in these unaudited figures. Trafalgar House shares to be issued in connection with the bid will not qualify for the final dividend to be paid in February.

SANGAMO WESTON

Shareholders in Sangamo Weston, the electricity meters, time switches and electrical instruments group, have been sent details of the Scheme of Arrangement by which Schlumberger is to take over the 39.2 per cent. of the company it does not already own at 155p cash per share. Shareholders will be asked to vote on the Scheme at a meeting to be held on January 12.

Schlumberger says that it has the experience, expertise and financial strength to support Sangamo Weston in its development but considers it necessary, in order to implement a modernisation programme over a number of years, to gain complete control.

Because of the possible conflict of responsibilities of the members of the Sangamo Weston Board, some of whom are Schlumberger directors, the terms of the Scheme have been worked out by merchant bankers Schroder Wagg (for Sangamo) and Kleinwort Benson (for Schlumberger).

The directors of Sangamo are unanimous in their acceptance of the terms. The Board expects pre-tax profits for the year ending December 31, 1976, to "approximate to the profits of £1,083,000 achieved in the previous year."

The freehold land and buildings of Sangamo Weston have been professionally revalued at £2,702,000, compared with a book value of £670,000.

Hollas Group £1m. bid for Bonas Webb

Hollas Group, the textiles company, is making a take-over bid worth just over £1m. for Bonas Webb, which makes interlinings and printed heat transfer paper for the clothing and textile industries. The directors of Bonas Webb and their immediate families, together holding 24.6 per cent. of the equity, have given irrevocable undertakings to accept.

Terms are two shares in Hollas for every five in Bonas Webb. And with Hollas closing last night at 37p, this values each share at almost 15p, compared with last night's closing price of 9p.

Holders of Bonas Webb 4.2 per cent. Cumulative Preference shares are being offered one Hollas share for each share held. A comparable offer of Hollas shares is being offered for the £130,000 of 13½ per cent. Convertible Unsecured Loan stock, 1987, of Bonas.

Hollas Group has been advised by Henry Cooke Lumsden and Company, the Manchester stockbrokers, and Bonas Webb by Energy Finance and General Trust, the financial group headed by Mr. Dennis Barkway.

The directors of Bonas state that there has been no material change in the balance sheet of the company as at December 31, 1975, other than the proceeds of a rights issue in August. The last balance sheet showed net assets per share in excess of 40p.

Bonas Webb made pre-tax profits in 1975 of £143,000, against a loss of over £74,000 in the previous 12 months. In the annual report, published in August, the chairman, Mr. J. H. Bonas, said that there was "still no sign of an improvement in the general level of business in the U.K." Mr. Bonas is to join the Hollas Board following completion of the take-over.

PARAMBE SELLS INVESTMENT SUB.

Parambe has sold its wholly-owned investment subsidiary, Crossmerryn Company, for £70,334 cash.

The assets included in the sale were cash of £100 and 5,000 Ordinary 3p shares in Celtic Haven, leaving Parambe's holding in that company at 570,000 shares (11.4 per cent.).

As a result of unsuccessful investments in the past, Crossmerryn had accumulated substantial tax losses. The proceeds will be used to pay the outstanding liabilities and to increase Parambe's investment portfolio.

Full details will be circulated as soon as possible.

ALEXANDERS DISCOUNT

Alexanders Discount announces that London and Manchester Assurance now holds 12,000 of its 6 per cent. cumulative Preference shares carrying 12 per cent. voting rights.

GROSS CASH

The document containing the offer by County Bank on behalf of Chubb and Son to acquire the Ordinary capital of Gross Cash Registers has been posted.

Whitecroft shares surge after 122p offer

An £8.3m. offer by Hanson Trust for the 75 per cent. of Whitecroft the Manchester based textile, building and civil engineering company, it does not already own, met with a thumbs down from the Stock Market yesterday and a non committal reply from the Whitecroft Board.

The offer, announced after a meeting yesterday morning between Sir James Hanson and Mr. Ernest Goold, chairman of Whitecroft, is 122p cash a share, valuing the entire Whitecroft equity at £11.3m. The share price, which stood at 89p before the announcement, jumped 40p to 129p yesterday.

Hanson is also to make an "appropriate" cash offer for the 2.5m. Preference shares of Whitecroft.

In the first six months of 1976, Whitecroft reported an increase in pre-tax profits from £1.3m. to a record £2.2m.; it had already forecast a total dividend of 7p for 1976 at the time of its £1.4m. rights issue in July.

The Whitecroft Board is meeting to-day to consider the Hanson proposal and in conjunction with its financial advisers, J. Henry Schroder Wagg, will issue a further announcement in due course.

Hanson Trust acquired the majority of its present 25 per cent. stake in September, 1975, from the investment and unit trusts of the Slater Walker Group.

ST. KITTS SUGAR

St. Kitts (London) Sugar Factory will receive £433,500, or 11½p per share, for its 51 per cent. stake in St. Kitts (Basse Terre) following nationalisation terms for the latter.

Yesterday, the consideration was inadvertently given as £850,000, or 11p per share.

PLESSEY BUYS U.S. COMPANY

It is reported fro San Francisco that Astrodata Systems Corporation, a manufacturer of telex switching equipment, has sold its assets and business to Plessey Incorporated, a subsidiary of the Plessey Company.

The sale price was not disclosed, but as part of the transaction nearly all liabilities of Astrodata systems were assurred by Plessey.

JCEG

JCEG has purchased the minority holding of 13 per cent. in Trinity Plant Hire from two of its directors, for £22,400 cash.

Indexed savings certificate has 15% interest

By Christopher Hill

LATEST REPAYMENT values for the index-linked national savings certificate retirement issue show that a £10 certificate purchased at June 1975 has a repayment value of £12.84 in January 1977.

Since the beginning of this year, the rise has been 14.96 per cent. and in January a £10 certificate bought a year previously will be worth £11.50.

Certificates are only indexed if encashed on or after the first anniversary of the date of purchase. After one year the gains are free of U.K. income tax and capital gains tax.

Six-year fight for natural gas tanks ends

PLANNING PERMISSION was given yesterday for Wales Gas to construct two giant liquid natural gas storage tanks at Dynevor Arms, Mid Glamorgan.

The decision by the Mid Glamorgan County Planning Committee ended a six-year battle to find a site for the tanks, which will hold enough natural gas to supply the entire South Wales for eight days.

The delay has increased the cost of the tanks from an original £4m. to more than £10m. and more than 200 companies have had requests for gas to be turned down because supplies could not be guaranteed.

● NEWS ANALYSIS—TRAFALGAR'S LATEST BID

Adding to tax losses

BY QUENTIN GUIRDHAM

BIDDING UNDER £5m. for an investment trust when a group has pre-tax profits of £33.6m. and a balance sheet total of £435.6m. may look an irrelevance. In the case of Trafalgar House Investments the deal may look especially odd since the benefit of buying Direct Spanish Telegraph lies only marginally in the liquidity gain, though the trust is more than half liquid, and mainly in the realised and unrealised capital gains tax losses which amount to £7.8m. Through Cunard and its subsequent investments in shipping, Trafalgar House already has a tax cushion until the 1980s.

But Trafalgar House is a group which has made a habit, with both small and large acquisitions, of bidding at opportune moments, making a quick financial gain, and turning the proceeds into more acceptable assets and higher quality earnings. Thus a business which started with a young man exploiting the property boom of the late 1950s has turned into one which makes most of its money from shipping and contracting. These may not, in the short term, look very attractive markets, but they represent more solid earnings than the switchback of property dealings from which Trafalgar House had largely withdrawn before the 1974 slump.

"We were never involved in so-called 'break-up' situations or purely financial opportunism," wrote Mr. Nigel Broakes, chairman in the company report published this week. "We never bought anything that we did not intend to integrate, manager and hold indefinitely." Mr. Broakes can justify this assertion since purchases like Cunard, which appeared at the time to rest largely on short-term considerations—in Cunard's case its tax losses — have been actively developed by Trafalgar House.

The Cunard fleets now total 672,000 gross tons, the last 107,000 of them added this October when Trafalgar took a typically daring view of both a market and a company on its knees to purchase 10 refrigerated cargo carriers from Maritime Fruit Corporation for $86m. Its decision has been based on the premise that when the ships' charter to Salen Reefer Services ends in two years the shipping market will have revived and the earnings potential of the ten vessels nearly double.

The price Trafalgar House has paid for its growth—turnover increased from £57m. in 1970 to £448m. in the year to this September—is a balance sheet which shows gross debt of £246m. against net worth of £91m. What lies ahead, the company maintains, is a massive de-gearing operation which by 1981 could see debt down to £50m. and gross assets of over £500m. These projections do not, apparently, include £60m. worth of sales of investment properties, most of this coming from some major City of London blocks in which Trafalgar House has obtained some of the best rents of the last year. It missed the highest levels paid for blocks which were completed in time for the 1973 boom, but claims to have met the figures on which the projects were planned in 1971. It also aims to rationalise its shipping interests to an investment similar to that before the Maritime Fruit deal.

Against figures such as these, Mr. Victor Matthews, deputy chairman and managing director, admits that the bid for Direct Spanish Telegraph "may seem a bit teeny." The investment trust has had a chequered history, controlled by First National Finance Corporation before a 26 per cent. stake was sold to Slater Walker Securities.

This stake, after a brief period when the share price increased on hopes of the Slater expertise converting the trust's status, was sold on to the Slater Walker unit trust stable. This was in the process of selling the trust's assets in order to provide sufficient cash to carry through the DST's conversion to a unit trust when Trafalgar House bid.

There is no question of Trafalgar House wishing to maintain the company as an investment trust or continue its public quotation. "It is a banking operation," says Mr. Matthews. The bait for shareholders lies mainly in being paid more quickly than they would under a unitisation scheme and maintaining the alternative, for those with gains tax liabilities, to convert to Trafalgar House shares.

The sums involved may appear small. "But £7m. is worth bothering about," says Mr. Matthews and while intricate tax question of just involved on the question of just where the losses can be used with Trafalgar House, particularly whether they can be used against future property gains, the group has in the past made few mistakes in this area. Other tax losses and depreciation allowances will, he says, be used up quickly if profits continue to expand at the present rate (there is no forecast yet for this year). And the smallness of the bid may be exaggerated. Trafalgar House will be paying over twice what it did earlier this year for the Ritz hotel.

Maritime merger near completion

BY DAVID CURRY

PARIS, Dec. 21.

DETAILS OF the merger between two of France's largest shipping concerns, the Compagnie Generale Transatlantique (owner of the redundant liner France) and Compagnie des Messageries Maritimes will be submitted to shareholders in February. If this is given — and, as the State is the predominant shareholder, it will be given — a merger which has been under discussion for more than 10 years will finally take place.

The road to merger has been cleared with the adoption by Transatlantique of a new name, Compagnie Generale Maritime (CGM). The merger itself will involve the takeover of CMM by CGM and the simultaneous making over of certain assets of CGM to a new holding company, Societe Financiere et Maritime de Participations.

The first element in this operation will be the takeover of CMM on the basis of two CGM shares for five CMM shares. CGM will then make over to the new holding company its non-shipping assets together with the holdings the merged company owns in other enterprises. The value of the assets to be made over is fixed at Frs.76.75m. These revenues will permit the new holding company to pay a dividend rapidly whereas CGM would not have been able to do so.

In return for these assets shareholders will receive 669,837 shares in the holding company on the basis of one SFMP for one one CGM share.

To facilitate the fusion the financial year of the two companies to be merged is being extended to the end of February.

The operation will provide the State with the big national shipping group it has wanted to create for a number of years. At the same time shareholders who have seen no return on their capital in the two shipping companies through their long years of deficit will be rewarded from the earnings of the non-shipping assets now made over to the holding company. In the new configuration the State will hold 70 per cent. of the CGM group and the same proportion of the holding company.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Recovery turnround at VW

BY NICHOLAS COLCHESTER

BONN, Dec. 21.

VOLKSWAGEN'S results for the year just ending will reveal a remarkable turnaround. The parent company's after-tax profit will be of the order of DM700m.—sufficient to cancel out losses carried forward from the two previous years of DM693m. This increase in profitability is the result of a 15 per cent. increase in world sales to DM21.6bn., with the rise achieved mainly in VW's home market. A dividend has not been explicitly ruled out, but is unlikely.

This is the picture that emerges from a preliminary statement made by Volkswagen to-day and from the interview and article accompanying the nomination of the chairman, Herr Toni Schmuecker, as "Manager of the Year" by the German business magazine "Wirtschaftswoche."

The year saw VW produce its 30 millionth vehicle, produce its millionth "Golf," introduce a diesel-power "Golf," decide to manufacture cars in the U.S. and decide to open a new offensive in the commercial vehicle market in co-operation with MAN of Augsburg. The year also brought big problems for VW in Mexico and a further fall in sales in its once-booming U.S. market.

The basis of Volkswagen's success this year was a good year for the West German car market and for VW's share of it. Volkswagen's German deliveries in 1976 will have reached a total of around 710,000 vehicles, or about 14 per cent. more than in the previous year. With its subsidiary Audi-NSU, Volkswagen's car market share will have been 28 per cent.—up from 27.3 per cent. in 1975. The "Golf's" total sale this year in Germany of 210,000 makes this easily the most-sold vehicle on the German market.

In other European countries, VW's growth was inhibited by the rising D-Mark, and sales here rose by just 2 per cent. to 412,000 units for both VW and Audi-NSU. The same problem, coupled with that of Japanese competition, continued to weigh heavily on VW's American sales. These fell by another 28 per cent. to 237,000. Despite Volvo's recent decision to call off its U.S. assembly project, Volkswagen's management is still adamant that it will go ahead with its U.S. plans.

Volkswagen suffered a loss in Mexico this year as a result of the problems caused by Mexican inflation and the fall of the peso, and Herr Schmuecker has publicly hinted that he will pull VW out of Mexico if it continues to make losses there. There was a drop in sales in South Africa too, but in Brazil the company was again able to achieve a small increase in turnover.

Overall, the VW world group will deliver a total narrowly above the 2.109m. vehicles that it sold in 1975—despite the problems in Mexico and the U.S.

Looking ahead to 1977 the VW management thinks that motor-car demand in Germany and in Europe will return to the long term trend by showing a slight slippage to what will still be a high level. They expect Volkswagen to increase its overall deliveries and its market shares in Europe and West Germany, on the strength of its product policies.

With perhaps a tinge of understatement, Wolfsburg calls its results in 1976 "all in all, satisfactory." The group's deliveries from its factories to its dealers were five per cent. up at 2.1m., much the same as the company's final sales and as the company's vehicle output. The latter was 11 per cent. up on 1975—the year that started with a drastic pruning of VW's workforce under the Schmuecker, then newly-installed chairman.

Further evidence of the satisfactory progress made in 1976 was a 19 per cent. increase in capital investment to DM1.1bn., and a three per cent. increase in worldwide employment to 182,700 of which 123,700 (up five per cent.) were employed in West Germany at the year's end.

The management says that part of this year's improvement in profits has been due to rationalisation and cost-saving in the context of a relatively non-inflationary German economy. They are continuing in their aim of raising VW's return on sales to the level of its competitors. American companies currently return more than 10 per cent. pre-tax. VW will this year return between four and five per cent.—or a pre-tax profit of around DM1bn. Price increases in West Germany in 1977 are not ruled out.

AKZO again omits interim dividend

By Michael Van Os

AMSTERDAM, Dec. 21.

AKZO, the Dutch-based international chemicals company, predictably stated in Arnhem to-day that it was again omitting an interim dividend and left little doubt that the final will also be passed. The company last paid a dividend in 1974.

In a short statement after the meeting of the company's Supervisory and Management Boards, the adverse development of results so far this year was cited for the dividend decision, and in view of this "it has to be taken into account that no final for 1976 will be proposed." AKZO gave no further comments.

As reported on this page last month, the company's third quarter net loss amounted to Fls.24m., which was around half the size of the loss incurred in the same period last year (Fls.47.8m.). The company was still out of the red in the nine-months period (profit Fls.0.9m.), after a very big loss of Fls.154.6m. in the corresponding three quarters in 1975.

AKZO, which is still heavily involved in the chemical fibres sector, said that in that sector, sales and operating results have continued to decline in the third quarter of this year, not only in Europe this time, but also in the U.S.

Multibank replaces loan

BY MICHAEL BLANDEN

LONDON Multinational Bank, the consortium group, has repaid its foreign currency subordinated loans and replaced them with similar loans in resident sterling, but of later maturity.

The move was designed to overcome the current tax problems related to currency borrowings which first arose at Multibank and are now being examined by the Inland Revenue.

The problem has arisen as a result of the fall in the sterling exchange rate, which inflates the sterling value of currency borrowings and assets held by U.K. banks. The tax authorities have taken the view that the increase in the sterling value of currency assets is taxable as profit, but the corresponding rise in the liability on currency subordinated loans cannot be offset against tax.

In the case of Multibank, if the Revenue's case were successful, a tax liability of £798,000 would arise. Lord Cromer, the chairman, comments in his annual statement: "I am at pains to emphasise that Multibank in no way accepts the justice or the validity of the Revenue's contention and continues to argue with vigour that the sterling translation increase of these foreign currency assets does not represent a profit in any sense and certainly not a profit liable to tax."

He points out that the issue has become a real concern for many institutions as a result of the fall in sterling over the two years. "I must add my to those who hope profoundl the sensible and proper out of this discussion which ha portant international im tions."

The chairman's statemen made in the latest report w shows that the bank increase pre-tax profits in the year e in October to £2.63m. comp with £2.18m. in the previous "We consider," he says, " this was a satisfactory re maintaining the growth pa established and continued s the formation of the bank 1970." The bank's sharehol are Chemical Bank, New Y through a subsidiary, Ba Brothers, Crédit Suisse Northern Trust of Chicago.

£15m. issue at Moscow Norodny

By David Lascelles

THE SOVIET-owned Moscow Norodny Bank in London is raising its authorised capital by £15m. to £40m. At an extraordinary general meeting yesterday the bank also decided to make an issue of £15m. bringing its paid up capital to £35.5m.

The bank is jointly owned by the Soviet State Bank, whose chairman, Mr. V. Alkhimov, travelled to London for the meeting, and the Soviet Foreign Trade Bank, which was represented by its deputy chairman, Mr. A. Makeev.

The meeting also approved the appointment of Mr. O. N. Kulikov as chairman of the Moscow Narodny to replace Mr. S. A. Shevchenko.

While he is in London Mr. Alkhimov is due to meet the Governor of the Bank of England, Mr. Gordon Richardson.

Case tipped as Poclain suitor

BY DAVID CURRY

PARIS, Dec. 21.

THE AMERICAN company Case, which ranks as the world's fourth largest builder of public works equipment, is the latest candidate to be rumoured as discussing a rescue of the French hydraulic equipment manufacturer, Poclain, which is experiencing financial difficulties.

It is now expected that a fairy godmother of some sort will have to be found for the French company, and the Ministry of Industry has made no secret of its desire to find a willing suitor for Poclain.

The French company's problems stem from its meteoric growth to Europe's leading company in the field, on the basis of very heavy borrowing loaded on to a narrow capital base which remained under family control. This growth was dramatically reversed when the world economic recession cut demand for Poclain's products, which depended heavily on construction and public works.

Case's chances of taking control of Poclain seem poor in view of the expected reluctance of the French Government to permit a leading national company to pass under foreign control. Other candidates at one time or another have been Ferodo, which has a 15 per cent. stake in a joint hydraulic company with Poclain; Volvo, which has commercial links with Poclain; the nationalised motor company, Renault, which has made it clear that its commercial vehicle and industrial sectors are providing trouble enough; and the nuclear-engineering-steel combine, Creusot-Loire.

The most likely solution appears to be the entry of a number of companies into Poclain's capital, perhaps including both Case and Ferodo, and possibly even Peugeot.

Poclain is getting over the worst of its financial crisis, although its capital resources remain slender. This year it should have a turnover of about Frs. 2bn., and will lose about Frs. 60m. after Frs. 60m. amortisation.

Last year its loss was Frs. 140m. after Frs.57m. depreciation on a turnover of Frs. 1.89bn. It went into 1976 with more than Frs. 1bn. in unsold stocks, but in the first-half of this year the formation of the joint venture with Ferodo enabled it to collect a Frs. 56m. extraordinary capital gain.

More money for Jansen

BY OUR OWN CORRESPONDENT

AMSTERDAM, Dec 21.

THE DUTCH Government has decided to continue pumping vast sums of money into the seriously lossmaking Jansen en de Wit company, which is Holland's largest producers of socks and panties.

The Economics Ministry stated in a letter to Parliament in The Hague to-day that in view of the over-capacity situation, only about 700 out of the current 1,300 or so jobs in Emmen en Schijndel can be maintained. Although the Government normally aids companies only if there is a "reasonable prospect" of an early return to profitability, it had deviated from its course in view of the particularly worrying unemployment situation in the two towns

Setting out the company's difficulties, the Ministry pointed at the familiar problems of cheap imports from Italy, Israel and also from Tunisia, where, ironically, Jansen en de Wit also employs several hundred people. It was decided after a study, however, that to close down the Tunisian factory would only serve further to affect the financial position

Jansen, which is understood to have made a loss of Fls.19m. last year alone, will be getting State support to the tune of Fls.30-40m.

Loan agreed to bail out Heleba

By Adrian Dicks

BONN, Dec. 21.

THE WEST GERMAN Savings Bank and Giro Federation is to make a DM300m. loan to the troubled Hessische Landesbank to help its management put the bank back on its feet.

The loan is being made through the Hesse State Savings Bank Association, which as one of the guarantors of the Hessische Landesbank, has already injected over DM1bn. into it. Large sums have also been paid in by the State of Hesse to the banks, which has now written off a toal of well over DM3bn.

An announcement to day of the decision by the Savings Bank and Giro Federation sets no conditions on the repayment of the DM300m, except to say that this should follow once the Hessische Landesbank's financial state of health permits.

There was no sign of further progress after to-day's meeting in the moves being made by other State banks—and notably the giant Westdeutsche Landesbank Girozentrale—to take over shareholdings in the Hessische Landesbank as a long-term solution to its woes.

Perstorp beats forecast

BY WILLIAM DULLFORCE

STOCKHOLM, Dec. 21.

PERSTORP, the Swedish chemicals and plastics concern, reports an improvement in pre-tax earnings from Kr.30.9m. to Kr.39.4m. (£5.64m.) for the financial year ending August 31 after a 10 per cent. increase in turnover to Kr.773m. (£112m.). The figures do not include the Warerite decorative laminate business taken over from BXL, the British subsidiary of Union Carbide, in August.

After a profit plunge in the last financial year from the Kr.97m. achieved in 1973-74 a further slump in earnings was forecast by Mr. Karl-Erik Sahlberg, the managing-director, last December.

In the latest annual report he notes that the downward slide has been halted and that the diversification undertaken over the last few years has proved its value in that Perstorp has achieved a 10 per cent. net return on equity in the 1975-76 recession year compared with 3 per cent. in 1970-71 during the previous recession. In 1973-74, however, the net return on equity was 34 per cent.

The adjusted net return per share, which fell from Kr38 to Kr13 in 1974-75, has recovered to Kr16 and the board is proposing to raise the shareholders' dividend by Kr0.50 to Kr4 per share.

The bulk of Perstorp's earnings still comes from its chemical products division, which contributed Kr320m. in sales or just under 42 per cent. of total turnover, but 75 per cent. of the concern profit. A feature of the year nevertheless was the earnings recovery in the Brazilian subsidiary and the Skaraplast Division, which makes thermoplastic and polyurethane products.

The building products division, which includes Wareite, is the second largest in turnover but showed a further profit decline Warerite has annual sales of £6m. and the takeover is estimated to raise Perstorp's share of the British decorative laminates market from 5 to 20 per cent., making it the second largest producer. Perstorp anticipates an expansion of the British market over the next few years.

Mr. Sahlberg comments that the return from the concern's foreign subsidiaries is still unsatisfactory but that with 54 per cent. of the parent company's output going to exports it is essential for Perstorp to keep and develop its share of foreign markets.

Short - term rationalisation measures had helped improve the 1975-76 result, but the concern management had also laid the ground during the year for the introduction of new marketing methods, products and processes.

The weakening after the summer of the upward trend on the concern's markets, which had started to develop in the spring, made it difficult to forecast the future profit trend, but Mr. Sahlberg estimates that the concern's activity will remain sufficiently high to generate a further improvement in earnings this year.

AMERICAN NEWS

Two more closures at For

DETROIT, Dec. 2

FORD MOTOR added two more auto-assembly plants to the growing list of U.S. car plants that will be closed for a time early next month because of lower-than-anticipated new car sales, reports AP—DJ.

The disclosure of the newest Ford close-downs means that six of the industry's 42 domestic car-plants and more than 25,000 hourly workers will be idle for periods of one to three weeks next month as auto makers continue to struggle against the threat of an excessive build-up of unsold cars.

The Ford cutback is in addition to a previously reported plan by the No. 2 auto maker to close for a week early next month one of its Canadian auto plants, that delivers most of its production to the U.S. market. About 3,900 workers will be laid off temporarily in the New U.S. closure; about 2,600 will be made idle by the Canadian closure.

The growing string of plant closures due after the first of the year reflects the fact that new car sales for the past two months or so have been running at rates lower than the industry originally expected. Actual volume has not slumped compared with lackluster year-earlier levels, but it has been well below the rate once anticipated. As a result, Detroit has hurriedly had to cut production schedules that were based on these early rosy forecasts.

At the same time, auto makers have been trying to stimulate sales of their slow-selling models, which are primarily smaller cars. Some have been running incentive programmes for dealers and salespeople, and GM and American Motors Corp. have resorted to outright price concessions to buyers, including cash rebates.

After the first sales period of this month, auto analysts said they believed the sales rate may have stopped deteriorating, but there is a considerable difference of opinion among auto executives about where sales will go next. Ford, for example, recently cut its forecast of industry deliveries next year to about 10.6m. units from an earlier projection of 11m., while GM said it is sticking with an optimistic projection of 11,250,000 sales for the industry in 1977. Industry sales this year will be about 10.1m. cars.

As in the case of other recent production cuts, Ford's latest plant-closing schedule for early January involves two plants that make smaller models. Ford will close for the week of January 3 its Kansas City car line, where it produces compact Maverick and Comet models. The suspension of car production there will mean the temporary layoff of 2,000 workers. Ford said its truck-making operation at the plant will continue. Ford also will close that week its Metuchen, New Jersey, plant, making idle 1,900 workers who assemble sub-compact Pinto and Bobcat models.

Paktank U.S. move

PAKTANK, the tank storage division of Pakhoed in Rotterdam, has made a new move in the U.S. storage market, Michael van Os writes from Amsterdam. It announced that it had acquired from the North American Trading and Import Company, for an undisclosed sum, the latter's 190,000-cubic-metres capacity tank terminal in Westwego, near New Orleans.

Paktank's general manager said that the complex, which is located on the West Bank of the Mississippi River in a petro-chemicals centre, had been out of operation for some time. was now being renovated operations were scheduled begin in the second quarte next year. Paktank, which un the former owner only stores third parties, feels it can m the terminal commercially cessful. The acquisition w largely be financed from run financing agreements locally not from the sale of the truck sector of the recently-acqui Robertson company in the U.

The Westwego acquisi means that Paktank, w U.S. head office is establis in Houston, has now tank facilities at its disposal total nearly 1.3m. cubic metres on U.S. continent.

The latter would add ab 1.3m. cubic metres to Parta total capacity in the West hemisphere. This compares w a total capacity in Rotter and the Maasvlakte of ab 5.2m. cubic metres, while company additionally tankage interests in Swe Germany and France.

NTL. FINANCIAL AND COMPANY NEWS

REIGN CORPORATIONS IN JAPAN

A growing presence

BY PAULINE CLARK

UT 5,000 foreign corpora- and joint ventures are now ating in Japan. And an in- sing number of new entries expected next year as a t of the election result.

was under the Liberal Demo- c Party's aegis that a ber of major steps towards al liberalisation were taken: even if current speculation a further easing of the rules rthcoming, the continuation power of a sympathetic rnment is thought certain to sufficient encouragement in

cial survey

ith this prospect in view, a Bank, one of the major nese City banks ranking in deposit balance, claims in ecial survey of foreign cor- tions and affiliates already ating in the country that non-Japanese concerns have achieved a consolidated foot- there. Figures on the posi- they have gained in the nese economy show, for in- e, that they are playing a greater role among cor- ions having middle or higher ings with their combined of reported income rating me 5½ per cent. in these ories.

e bank points out, moreover, many of the foreign com- s and joint ventures have ired a high market share themselves and "displayed nt defence tactics during the recession."

veral recently announced s serve to underline the t of activity taking place on the investment front. ate-Palmolive has arranged 50 joint venture company Kao Soap company and ico and Fujiya, the manu- ring and chain store group, have also newly announced a joint company associated with sharing each others' marketing outlets. Meanwhile, Marubeni, the trading group, and the Time Sharing computer concern have lately announced plans for jointly setting up a two-way Japan to U.S. computer business service company. Joint ventures already well known include the Fuji-Xerox operations, Eastman Kodak and Nagase Sanyo, and Coco Cola and Toyo Seikan—to name but a few.

Moreover activity on this front is certainly being stepped up within the motor industry—although there may sometimes be fine differences here in the criteria motivating joint ventures and the methods used compared with other sectors. Hot on the heels of Toyo Kogyo's confirmation this week that it was extending its tie-up with Ford in the manufacture of pick-up trucks has come news of the joint venture company to be set up in Japan by British Leyland and Mitsui. Other significant trans-frontier efforts already established in this sector include the minority stake held by General Motors in Isuzu and Chrysler's holding in Mitsubishi Motor Company.

Taking the picture as a whole, however, the overriding attraction of Japan to foreign investors is the consumer market potential of the country. A recent projection by the Nomura Research Institute put income per capita in Japan in excess of that of the U.S. by 1990 placing the country high among the world's fastest growing consumer markets.

Nevertheless the most direct recent spur to foreign interest has undoubtedly been the measures the Japanese Government has itself taken to give foreigners greater access to the country. In 1973, Japan allowed foreign investment to take place in property and in retail companies and since then a range of industrial sectors have been added to the list. In May this year the computer industry was included so that now foreigners can take 100 per cent. of the shares of a Japanese company (with its consent) in most areas with the exception of public utilities and communications.

Ministry of Finance permission is still needed, however, when more than 10 per cent. of a Japanese company is taken by one name, while only the Bank of Japan can grant repatriation of profits. Meanwhile, many Japanese companies insist on tie-ups with foreign concerns being arranged on a share exchange basis, which is seen in Japan as a sign of good faith.

It is conceded that current foreign interests in Japan still represent only 0.5 per cent. of the country's total number of corporations while the profits share is also small at 2 per cent. However, it is pointed out that the proportion of foreign corporations and joint ventures in the Y500m. plus league for 1975 is high at around 5 per cent.

Reviewing foreigners' performance in the 1975 recession, Sanwa Bank says that while one in three of the companies listed on the stock exchange saw their profits tumble, the ratio was only one out of ten among major foreign corporations and joint ventures. Sales increased by 12.3 per cent. compared with only a 5.5 per cent. rise for the total listed corporations while profits decreased 26.9 per cent. compared with 50.5 per cent.

Figures supplied by the Ministry of Finance isolate those sectors where Japan lags far behind Europe and the U.S.—such as machinery, chemicals and pharmaceuticals—as the most conspicuous areas of foreign interest although it has also been found that in the non-manufacturing area, there is much activity on the commercial and trading side which accounted for 65 per cent of the 192 newly established foreign or foreign affiliated ventures in 1974 and 1975.

Management control

Sanwa Bank projects that foreign investment will increase, especially in fields employing advanced technology (such as electronics and fine chemicals) while more foreign capital will seek management control by investing over 50 per cent. of the capital. Technology, however, is claimed to be the greatest factor contributing to the success of foreign capital in Japan and taking priority over "popularity" of the potential foreign investor and investment capability.

In order for Japanese corporations to counter the foreign advance, Sanwa Bank urges them to narrow the technological gap between themselves and their U.S. and European counterparts, to improve their management capabilities and to advance actively overseas by making use of the technology they possess.

And the bank gives a warning to potential foreign investors that many foreigners have also had to pull out of Japan either through miscalculated demand projections, failure to adapt to the business climate peculiar to Japan or to a parent company slump or change of policy. According to Marunouchi Research Centre figures, there were 27 of these in 1975 and 20 already by July this year.

TYPES OF FOREIGN-VENTURE BUSINESSES IN MANUFACTURING SECTOR

of Business	Machinery	Chemicals	Spinning	Foods	Glass and nonmetallics	Metals	Oil	Rubber, Leather	Others	Total
ber of ign Ventures blished in and 1975	83 (35)	50 (21)	16 (7)	15 (6)	9 (4)	8 (3)	5 (2)	2 (1)	49 (21)	237 (100)

Toyo Valve stocks call

SYDNEY, Dec. 21.

MINISTRY of International Trade and Industry said ked major trading houses, own a large amount of s manufactured by Toyo as security for loans, not lease the products for the being to avoid possible sion in the valve market, ts Reuter.

yo Valve, the biggest nese valve manufacturer, into Receivership last h leaving debts totalling n.

e Ministry said Toyo Valve's stocks including those d by trading houses as ity is estimated at Y15bn., h is equivalent to one h's output by the Japanese industry.

e Ministry fears sales of the s by trading houses might smaller valve manufac- s into difficulties.

e Ministry said its request he trading houses is not ng, however.

neer reports sharp rease in net income

IEER Electronic Corpora- consolidated net income in the year ended September 30 rose 97.5 per cent. to Y13.883bn. from Y7.032bn. in the prior year, the company announced to-day.

Sales rose 40.5 per cent. to Y180.507bn. compared with Y128.482bn. in the previous year, with exports nearly doubling.

Net income per American depositary share, each representing two shares of common stock, rose to Y347 against 190. Net income per Curacao positary share, each representing 10 common shares, rose to Y1,734 against 949.

Domestic sales increased modestly to Y77.327bn. in the fiscal year from Y62.774bn., while export sales soared to Y180.807bn. against Y65.708bn., the company said.

Pioneer earlier this month had its shares in the form of depository receipts listed on the New York stock exchange and issued 4m. shares in the form of American depositary shares valued at two common shares each.

The sharp increase in consolidated income in the last fiscal year was the result of lower cost of sales and general administrative expenses. The cost of sales came to 57.2 per cent. of total sales, down from 59.9 per cent. a year earlier, while administrative general and selling costs totalled 24.1 per cent. compared with 24.6 per cent.

AP-DJ

Stock Exchange tightens margins

THE TOKYO stock exchange has announced that it will tighten margin trading control in all stocks effective from to-morrow (Wednesday), Reuter reports from Tokyo.

The exchange said that margin requirements for all stocks will be raised to 50 per cent., including 10 per cent. cash, from the present 40 per cent. including 10 per cent. in cash.

The Osaka, Nagoya and five other stock exchanges will also take the same measure.

Japan Securities Finance Company said it will meet the margin rates on loans to securities companies effective to-morrow.

Our Far East Editor notes: This is probably a response to a very sharp rise in Tokyo share prices since the election, sharp fluctuations having their attendant risks for the traders.

Wheelock sees $50m. earnings minimum

By Philip Bowring

HONG KONG, Dec. 21.

WHEELOCK MARDEN made an after tax profit, before extraordinary items, of $HK30.6m. in the six months to end September. Interim dividend remained unchanged at 5 cents for "A" shares and 0.5 cents for "B" shares.

The company forecast full year earnings of not less than $HK50m. No comparative figures for the first half of last year are available.

For the full year it made $HK29m. after extraordinary items. The company said it was continuing discussions with its merchant bankers, Wardley Ltd., on development plans.

The Hong Kong and Whampoa Dock Company has again become a subsidiary of Hutchison International. Hutchison announced to-day that it now has more than 50 per cent. of the dock company. Earlier this year HIL exercised an option—which stems back to a dock company rights issue last year—to acquire 17.6m. shares which brought its own holding to 44 per cent. and those of the HIL group to 46 per cent.

Expansion plans at Ford Australia

FORD MOTOR Co. of Australia has announced a $A26.3m. programme to expand and upgrade its plant in Victoria, Reuter reports from Sydney.

Mr. Brian Inglis, managing director, said this figure brought to more than $110m. total planned investment in Australia announced by Ford in the past six months.

"We expect short-term problems with the economy to be overcome and our present investment decision will give us both the products and facilities to keep us in the front line of the Australian motor industry over the next few years," he added.

Outlook for Israeli companies

ZIM ISRAEL Navigation Company expects its 1976 profit to come to $12m. as compared with $50m. in 1975, reports L. Daniel from Tel Aviv.

The company is constantly modernising its fleet and expanding its services. The latest is a container service which is to be operated by three vessels plying between Hong Kong and Australia. Zim already has a regular container service which, via the west coast of the U.S. goes to Japan as well as to Hong Kong.

ALLIANCE, Israel's sole large tyre producer, expects its exports to rise by 30 per cent. next year to $45m., of which $25m. worth are intended for the U.S.

The company expects this increase despite the excess of supply on the market in the most usual types since it is concentrating on speciality tyres and tyres for tractors.

Surprise move for Haughton

Y JAMES FORTH

SYDNEY, Dec. 21.

PORATE takeover specialist strial Equity Ltd. (IEL) has the unusual step of lifting akeover offer for William hton and Co. while at the time foreshadowing a new, apparently lower, bid.

L began proceedings last st with a bid of $A1.15 cash each Haughton share, after building up a strategic stake 67 per cent. in its target. directors of the wool, ship- and merchant concern re- d the terms and came up a defensive arrangement r which Dalgety Australia issued about 7 per cent. of hton's capital at $A1.55 a . These funds were used by hton's to buy a 25 per cent. est in a real estate venture Dalgety.

the same time Dalgety ht Haughton's 50 per cent. ng in Port Phillipp Mills. ralia's largest wool and syn- top maker, for about half value. Dalgety already owned the other half.

IEL then varied its bid price to $A1.25, but when this was also rejected moved to the share market and in a series of small purchases paid up to $A1.41. Sydney Stock Exchange then applied pressure for IEL to amend its offer.

IEL complained that it could not change its offer and notify all shareholders each time it recorded a higher price on the market, but publicly announced that it would lift its offer to the highest price paid during the offer period. IEL has now varied its price to $A1.41 and extended the bid until March 31 next year.

However, the chairman of IEL, Mr. Ronald Brierley, described the revised offer as "somewhat artificial" and said that it was made "purely to comply with stock exchange regulations subsequent upon our having purchased a small quantity of shares on the market at that figure."

He said that if the offer lapsed or was withdrawn there was very little prospect of the market holding its level particularly if buying support from sources close to Haughton disappeared. This is a reference to the buying quote on the home market, Melbourne, of $A1.42 for Haughton.

Mr. Brierley then makes it clear that the current offer will be withdrawn. He said IEL would publish a full detailed evaluation of Haughton shares in the New Year, which would be open to subjective scrutiny and comment. A new offer would then be substituted which would be "directly related" to the valuation.

Under the Companies Act an offer can only be varied upwards. But if the bid is withdrawn it could be possible to drop the offer price, although this has not previously occurred.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

IGHTS	Bid	Offer
9½pc 1988	104½	105½
lia 8¾pc 1991	100½	101½
er 9½pc 1986	103½	104
lan N. Rwy 8¾pc '86	101	101½
National 8¾pc 1986	98	96½
rk 8½pc 1984	99½	100½
pc 1986	102½	103½
pc 1986	101	101½
9½p 1985	103	103½
pc 1986 Nov.	104½	105½
ma 9¼pc 1983	102½	103½
es 9½pc 1985	102½	103½
sley 8¾pc 1992	99	99½
anada 9½pc 1986	104½	105½
y Ferguson 9½pc 1991	104½	105½
in 9½pc 1988	101½	102½
d Int. Fin. 8½pc '86	98½	99
9pc 1996	98½	99½
Westminster 9pc 1986	100½	101
undland 9½pc 1985	101½	102
e 9½pc 1986	102½	103½
Hydro 9pc 1991	102	102½
pc 1989	103	103½
Autonomes 9pc 1991	99	99½
Quebec 9pc 1994	101	101½
c Hydro 8½pc 1996	90	99½
Saskatch. 8¾pc 1986	102½	103
nav. Enskilda 9pc '81	100½	101½
9½pc 1985	105½	104½

S	Bid	Offer
lia 8½pc 1983	102½	103½
lia 8½pc 1986	101½	102½
Chemical 8pc 1986	102½	103½
9½pc 1982	102½	103

	Bid	Offer
Gotaverken 8pc 1982	100½	101½
Kockums 9pc 1983	99½	100½
Michelin 8½pc 1983	102	102½
Montreal Urban 8½pc 1981	99½	100½
Nat Coal Board 8½pc 1981	100½	101½
New Brunsw. Prov. 8½pc '83	103½	104½
New Zealand 8½pc 1986	100½	101½
Nippon Fudosan 8pc 1981	101½	102
S. of Scot. Elec. 8½pc 1981	99½	100
FLOATING RATE NOTES		
Vizcaya 7½pc min. 1981	94	95
Urquijo 7½pc min. 1981	97½	97½
Bank Tokyo Holding 6½pc min. 1981	100½	101½
LTCB of Japan 6½pc min. 1981	99½	99½
D. MARK BONDS		
Beecham 8pc 1983	102½	103
EIB 6½pc 1984	97½	98½
ICI 7½pc 1986	99½	99½
Inter Amer. Dev. Bk. 7pc 1987	97½	98½
New Zealand 7½pc 1986	103½	104½
Source: White Weld Securities, London.		

	Bid	Offer
American Express 4½pc '87	85½	85½
Ashland 5pc 1988	90	92
Beatrice Foods 4½pc 1992	99½	101½
Beatrice Foods 4½pc 1992	114½	116½
Borden 5pc 1992	103½	105½
Broadway Hale 4½pc 1987	79½	80½
Canon Camera 7½pc 1989	189	194
Carnation 4pc 1987	89½	90½
Chevron 5pc 1988	123	125
Dart 4½pc 1987	85½	87½

CONVERTIBLES	Bid	Offer
Eastman Kodak 4½pc 1988	102	104
Economic Labs. 4½pc 1987	76½	75½
Fed. Dept Stores 4½pc '85	115	117
Firestone 5pc 1988	85½	99½
Ford 6pc 1986	87	90
Ford 5pc 1988	88½	90½
General Electric 4½pc 1987	84	86
Gillette 4½pc 1987	76	78
Gould 5pc 1987	115	117
Gulf and Western 5pc 1988	93½	95½
Harris 5pc 1992	99	101
Honeywell 6pc 1986	85½	87½
ITT 4½pc 1987	77½	79½
Komatsu 7½pc 1990	101½	102
J. Ray McDermott 4½pc '87	140	142
Mitsubishi Elec. 7½pc 1991	103	104½
Mitsui 7½pc 1990	105½	107
J. P. Morgan 4½pc 1987	108	110
Nabisco 5½pc 1986	99	101
Owens Illinois 4½pc 1987	114½	116½
J. C. Penney 4½pc 1987	83	85
Pioneer 6½pc 1989	305	—
Raymond 8½pc 1989	105½	108½
Revlon 4½pc 1987	104½	106½
Reynolds Metals 5pc 1988	96½	98½
Sperry Rand 4½pc 1987	95	97
Squibb 4½pc 1987	75	77
Texaco 4½pc 1988	79	81
Toshiba 6½pc 1986	106½	108
Union Carbide 4½pc 1982	106	108
Warner Lambert 4½pc 1987	90½	92½
Warner Lambert 4½pc 1988	76	78
Xerox 5pc 1988	73	—

Source: Kidder, Peabody Securities.

Index regains 6 despite little news

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Dec. 21.

A RALLY DEVELOPED on Wall Street to-day, although there was nothing special in the news background to motivate investors.

The Dow Jones Industrial Average regained 5.98 to 978.39 and the NYSE All Common Index recovered 27 cents to $56.17, while rises led falls by 817-to-662 and the trading volume expanded 3.7m. shares to 24.39m.

The market showed no apparent reaction to latest economic news, including a 1.7 per cent. rise in New U.S. Orders for Durable Goods in November and a 0.3 per cent. increase in the Consumer Price Index in the same month.

The gain in the CPI, a closely watched inflation barometer, was in line with expectations and matched the 0.3 per cent. rise in October.

Some early uneasiness was generated among investors by a report that Saudi Arabia reversed its plan to increase oil output in order to force other Opec nations to trim their proposed price increase of 10 per cent. and follow Saudi Arabia in a 5 per cent. boost.

It was also reported late Tuesday that short interest on the NYSE rose 2.73m. shares to 27.51m in the month ended December 15—an all-time high.

Aluminum Co. of America moved up $1⅛ to $54⅛—it predicted a 30 per cent. rise in aluminium industry deliveries in 1976 over last year.

Coca-Cola gained $1⅛ to $74⅛—it expects good gains in volume, net sales and earnings in 1977.

Fluor added $1⅛ at $37⅛ on a contract for a $1bn Saudi Arabian petrochemical project.

Signal fell $2⅛ to $24⅛—Capital-fin-International of Rome sold 900,000 shares of Signal Common in recent trading sessions.

General Mills lost $⅞ to $31⅛, despite higher earnings.

Koppers were off $⅞ at $22⅛ on its expectation of lower quarterly earnings.

Sea Containers were up $⅞ at $23, on its prediction of higher year earnings and announced receipt of a contract.

The American SE Market Value Index climed 0.38 to 104.32, while advances led declines by 334-to-230. Turnover amounted to 2.93m. (2.79m.) shares.

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Occidental Petrolm.	448,200	21	[illegible]
Virginia Elec.	377,500	[illegible]	[illegible]
Capital Holdings	327,500	[illegible]	[illegible]
General Motors	317,200	76	[illegible]
Amer. Tel. Tel.	310,700	63	—
Texaco	265,700	29	—
General Electric	255,700	[illegible]	[illegible]
Kresge S.S.	242,900	40	[illegible]
Philadelphia Elec.	229,100	17	—
Amer. Home Prod	217,100	29	[illegible]

OTHER MARKETS

Canada moves up

Canadian Stock Markets moved up over a broad front in moderate trading yesterday.

The Industrial Share Index gained 1.59 to 170.24. Golds 1.02 to 290.99, Base Metals 0.88 to 76.94, Utilities 0.14 to 140.67, Banks 2.66 to 227.30 and Papers 1.60 to 106.05. Only Western Oils, off 0.21 at 214.29, moved against the general trend.

Falconbridge Nickel jumped $1⅛ to $32⅛. Domtar put on $1⅛ to $15⅛. Seagram climbed $⅞ to $22⅛. Walker-Gooderham $⅞, and Imperial Oil $⅛ to $20⅛.

Royal Bank rose $⅞ to $24⅛, and Bank of Montreal were $⅛ higher at $13⅛, but Canadian Imperial Bank lost $⅛ to $25.

PARIS—French shares turned downwards after a promising start. Investors were hesitant ahead of a TV interview with President Giscard d'Estaing and a speech by Prime Minister Raymond Barre later.

The weakness of the franc over the last two days and the raising of the Call Money rate to 10¼ per cent. from 10⅛ per cent. also affected market sentiment.

Foods, Mechanicals and Metals were the hardest-hit issues, but Oils were firm.

La Redoute firmed Frs.3 to Frs.597 on a higher net profit for the first half year.

The Foreign sector was also hesitant, with Americans easier but Germans were slightly better.

BRUSSELS—Declines predominated in moderate trading.

Steels finished mixed, Non-Ferrous Metals were lower, Electricals and Utilities steady, Chemicals lower, Oils eased, while Holdings were steady to firm.

U.S. stocks eased among mostly lower Internationals. Dutch issues were down, French shares declined, while Germans improved a little.

South African Gold Mines firmed.

AMSTERDAM—Brokers link the overall trend with the decline of the American dollar.

Bonds changed hands briskly and were up to Fls.0.50 higher.

GERMANY—Mixed trend, with the dollar's weakness unsettling markets.

Leading Chemicals, Electricals and Steels were little changed.

VW firmed DM0.10—the chairman expects 15 per cent. higher group sales this year.

Engineerings fluctuated up to DM1.50 either way. Banks and Stores lost ground.

Public Authority Bonds were mixed in slightly increased demand, with prices between DM0.40 higher and DM0.35 lower. The Regulating Authorities sold DM5m. worth of stock. Mark Foreign Loans were steady.

OSLO—Insurances were barely steady, while Industrials, Shippings and Bankings were quiet.

VIENNA—Mixed in generally quiet dealings.

COPENHAGEN—Easy in active dealings.

SWITZERLAND—Swiss stocks edged higher in active trading.

Financials firmed, while Insurances, Banks, Chemicals and Industrials were higher.

Dollar stocks were barely steady, Dutch Internationals fluctuated slightly, while Germans were narrowly mixed.

MILAN—Irregularly lower in thinner dealings.

HONG KONG—Higher in moderate trading.

Hong Kong Bank moved up 20 cents to $HK19.80, Hong Kong Land 30 cents to $HK7.80, Hutchison 5 cents to $HK3.50, Jardine 20 cents to $HK18.40, Swire Pacific "A" 10 cents to $HK9.85 and China Light 50 cents to $HK19.00.

Wheelock "A" rose 7½ cents to $HK2.625, following an interim dividend of 5 cents.

But Hong Kong and Kowloon Wharf were down 10 cents to $HK16.20.

TOKYO—Market rose in active trading with investors welcoming the approval by the Cabinet of the Supplementary National Budget. Volume 370m. (400m.) shares.

Paper-Pulps, Inks and "big asset" shares moved up. Oji Paper added Y12 at Y350, Mitsubishi Paper Y14 at Y196, Toppan Printing Y7 at Y436, Heiwa Real Estate Y19 at Y403 and Mitsubishi Estate Y12 at Y290.

Textiles, Chemicals, Pharmaceuticals and Electricals all gained ground. Nippon Victor put on Y150 to Y1,250.

Motors, Oils, Constructions and Foods were mixed on late profit-taking.

Steel Mills eased following plans to lower production in the January-March quarter.

Heavy Electric Machineries and Shipbuildings also levelled off on liquidation.

JOHANNESBURG—Gold shares were quietly firmer in line with European bullion indications.

Financial Minings were quiet but steady. Coppers were occasionally higher.

Collieries were slightly firmer, while Industrials were very steady.

AUSTRALIA—Most leading Industrials and Mines were easier following the rise in the Australian dollar.

BHP, however, rose 10 cents to $A7.30.

Banks were weaker, as were Retailers and Brewers.

Indices

NEW YORK—DOW JONES

	Dec. 21	Dec. 20	Dec. 17	Dec. 16	Dec. 15	Dec. 14	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrials	978.39	972.41	979.06	961.20	953.75	950.65	1014.79 (21/9)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (2/7/32)
Home Bonds*	91.88	91.86	91.99	92.02	91.61	91.82	92.02 (16/12)	85.62	—	—
Transport	234.87	235.52	234.87	234.55	234.45	232.55	234.87 (17/12)	175.6	279.88 (7/2/69)	13.23
Utilities	104.97	105.13	105.13	105.19	105.29	105.54	105.56 (15/12)	84.8	165.5	10.58
Trading vol. 000's	24,390	20,630	25,670	23,920	26,500	25,150	—	—	—	—

* Basis of index changed from July 1.

	Dec. 3	Nov. 26	Nov. 19	Year ago (approx.)
Ind. div. yield %	4.30	4.26	4.24	4.57

STANDARDS AND POORS

	Dec. 21	Dec. 20	Dec. 17	Dec. 16	Dec. 15	Dec. 14	1976 High	1976 Low	Since compilation High	Since compilation Low
* Industrials	115.78	115.68	115.76	116.33	112.75	116.72	120.9	101.64	134.54 (11/1/73)	3.52
† Composite	104.22	103.85	104.25	104.60	105.14	105.07	107.83	90.9	121.44 (11/1/73)	4.40

	Dec. 15	Dec. 8	Dec. 1	Year ago (approx.)
Ind. div. yield %	3.70	3.75	3.78	3.76
Ind. P/E Ratio	11.49	11.27	11.15	12.51
Long Govt. Bond yield	5.35	5.24	5.28	6.05

N.Y.S.E. ALL COMMON.

Dec. 21	Dec. 20	Dec. 17	Dec. 16	1976 High	1976 Low
56.17	55.90	56.24	55.45	57.51	47.06 (21/1/76)

Rises and Falls	Dec. 21
Issues Traded—1,946	Up—817
Down—662	Same—467
New Highs—87	New Lows—9

MONTREAL

	Dec. 21	Dec. 20	Dec. 17	Dec. 16	1976 High	1976 Low
Industrial	170.35	168.64	169.01	166.54	207.66	161.54 (30/11)
Combined	170.92	169.42	169.32	168.37	199.78	167.16 (30/11)
TORONTO Industrials	170.24	168.85	168.36	167.51	197.46	162.72 (30/11)
JOHANNESBURG Gold	188.9	186.5	171.7	178.1	228.7	118.5
Industrials	180.8	180.5	179.7	178.1	216.0	176.5 (30/11)

	Dec. 21	Previous	1976 High	1976 Low
Australia (a)	421.03	432.05	522.65	414.88 (26/11)
Belgium (b)	94.02	94.47	115.13	87.15
Denmark (c)	99.66	100.47	117.70	96.45 (1/12)
France (d)	53.5	54.0	74.5	51.5
Germany (e)	710.4	717.3	821.7	697.7 (29/10)
Holland (f)	80.4	80.2	105.5	77.9 (13/10)
Hongkong (g)	434.91	429.52	465.35	354.55
Italy (h)	73.30	73.38	91.27	64.46
Japan (k)	371.61	369.40	371.61	326.28
Singapore (m)	252.56	252.32	256.14	238.38
Spain (n)	72.95	74.01	100.13	72.92
Sweden (p)	386.30	386.86	474.[illegible]	366.31
Switz'rl'd (r)	274.0	272.0	292.5	263.5 (15/11)

Indices and base dates (all base values 100 except NYSE All Common—50 and Standards and Poors 10). (a) Sydney All Ord. (b) Belgian SE 31/12/63 (d) Copenhagen SE 1/1/73 (e) Paris Bourse 1961 (f) Commerzbank December, 1953 (g) Amsterdam Industrial 1970 (h) Hang Seng Bank 31/7/64 (k) Milan 2/1/73 (m) Tokyo New SE 4/1/68 (n) Straits Times 1966 (p) Madrid SE 31/12/73 (q) Stockholm Industrials 1/1/58 (r) Swiss Bank Corp 31/12/58 (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (c) Closed.

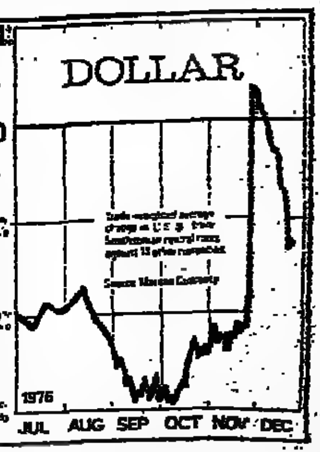
Dollar weak

The U.S. dollar remained weak in the foreign exchange market yesterday, but trading was generally very thin ahead of year end. European central banks intervened to attempt to steady the market, but speculative movements and an absence of commercial business made control of the market difficult. A rumour of a further revaluation of the German mark was followed by withdrawal of support for the dollar by the Swiss National Bank, leading to a sharp gain by the Swiss franc against the D-mark and dollar, possibly as a move to prevent too much distortion between the Swiss and German currencies. The Swiss franc closed at Sw.Frs.2.4340 in terms of the dollar, compared with Sw.Frs.2.4460 previously, while the German authorities may have prevented an appreciation of the D-mark, which finished little changed against the dollar at DM2.3670, compared with DM2.3675 on Monday.

The dollar's trade-weighted depreciation since the Washington Currency Agreement, as calculated by Morgan Guaranty of New York, narrowed to 1.28 per cent. from 1.33 per cent.

Sterling moved quite sharply in the thin market, touching a best level of $1.6860-1.6865, before small selling from New York pushed the rate down to $1.6790-$1.6800 in the late afternoon. The pound closed at $1.6800-1.6810, a fall of 10 points on the day, and its trade-weighted depreciation, as calculated by the Bank of England, was unchanged at 44.7 per cent., after standing at 44.8 per cent. at noon and in early dealings.

Gold gained $1⅛ to $133¾-134. The krugerrand's premium over its gold content was 3.27 per cent. for domestic and international delivery.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	Dec. 21	Dec. 20
Sterling	0.689659	0.691248
U.S. dollar	1.16042	1.15784
Belgian franc	41.8273	41.9775
Deutschemark	2.73940	2.74918
French franc	5.78527	5.77096
Italian lira	1004.02	1002.02
Japanese yen	341.047	340.752
Dutch guilder	2.86347	2.86450
Swedish krona	4.79137	4.80851
Swiss franc	2.82562	2.83370

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

GOLD MARKET

	Dec. 21	Dec. 20
Gold Bullion (a fine ounce)		
Close	$133¾-134	$131¾-132¼
Opening	$132-132½	$130¾-131¼
Morning fix'g	$133.75 (£79.377)	$131.50 (£78.554)
Afternoon fix'g	$133.60 (£79.264)	$132.35 (£78.686)
Gold Coins domestically		
Krugerrand	$137-139 (£81½-82½)	$134½-13[illegible] (£81-82)
New Sov'r'gns	$47¼-48¼ (£28-29)	$45¾-47[illegible] (£27¾-28[illegible])
Old Sov'r'gns	$44¾-46¾ (£26½-27½)	$45¼-47[illegible] (£27½-28[illegible])
Gold Coins internat'nally		
Krugerrand	$137-139 (£81½-82½)	$135½-13[illegible] (£81½-82[illegible])
New Sov'r'gns	$46¼-48¼ (£27½-28½)	$46¼-48[illegible] (£28-29)
Old Sov'r'gns	$42½-44½ (£25½-26½)	$42½-44[illegible] (£25½-26[illegible])
$20 Eagles	$218-222	$219-222

FOREIGN EXCHANGES

Dec. 21 1976	Bank Rates %	Market Rates Day's Spread	Market Rates Close
New York	5¼	1.6790-1.6865	1.6800-1.6
Montreal	9	1.6985-1.7050	1.700-1.70
Amsterdam	8	4.12½-4.16	4.14½-4.1
Brussels	9	60.40-61.10	60.75-60
Copenhagen	10	9.70-9.74	9.71½-9.7
Frankfurt	3½	3.98-3.99	3.97½-3.9
Lisbon	6½	52.70-53.15	52.85-53.
Madrid	7	113.50-115.15	114.70-11
Milan	15	1,452-1,458	1,456-1,4
Oslo	6	8.67-8.72	8.67½-8.6
Paris	10½	8.37-8.40	8.38-8.3
Stockholm	8	6.93-6.97	6.93¾-6.9
Tokyo	6½	490-500	495-4
Vienna	4	28.10-28.60	28.30-28.
Zurich	2	4.07½-4.12½	4.08¾-4.0

* Basic discount. † Rates given are convertible franc. ‡ Financial franc 60 60.55.

OTHER MARKETS

	£		Notes Rates
†Argentina	455.34-455.54	Argentine	350-45
Australia	1.5643-1.5783	Austria	27½-2
Brazil	28.12-30.32	Belgium	60-62
Finland	6.35-6.38	Brazil	25½-2
Greece	61.298-62.838	Canada	1.71-1.
Hong Kong	7.84-7.880	Denmark	9.65-9.
Iran	116-118	France	8.30-8.
Kuwait	0.477-0.487	Germany	3.90-4.
Luxemb'g	60.75-60.85	Greece	59-72
Malaysia	4.1825-4.1460	Italy	1443-1
N. Zealand	1.7695-1.7872	Japan	490-51
Saudi Arab.	5.88-5.98	Netherl'ds	4.15-4.25
Singapore	4.1275-4.1410	Norway	8.60-8.
S. Africa	1.4550-1.4771	Portugal	53-57
U.S.		Spain	111½-1
Canada		Switz'l'nd	4.00-4.
U.S.		U.S.	1.68½-1
U.S. cents	98.91-98.94	Yugoslavia	32½-3

† Rate given is free rate.

FORWARD RATES

	One month	Three months
New York	1.60-1.50 c. pm	4.15-4.05 c. pm
Montreal	1.10-1.00 c. pm	3.70-3.60 c. pm
Amst'dam	3⅛-2⅛ c. pm	9-8 c. pm
Brussels	30-10 c. pm	70-60 c. pm
Cop'nhg'n	1¾ orepm-1 ore dis	3 orepm-1¾ ore dis
Frankfurt	4-3 pf. pm	10½-9½ pf. pm
Lisbon	50c. pm-50c. dis	par-100 c. dis
Madrid	70-170 c. dis	300-450 c. dis
Milan	12-27 lire dis	55-60 lire dis
Oslo	5-3 ore pm	13¼-11¼ ore pm
Paris	4-2 c. pm	6-5 c. pm
Stockh'lm	1¾ orepm-¾ oredis	5⅛-3⅛ ore pm
Vienna	28-18 gro pm	60-50 gro pm
Zurich	5⅛-4⅛ c. pm	13⅛-12⅛ c. pm

Six-month forward U.S. dollar 7.55-7.45c pm and 12-month 13.30-13.20c pm.

EXCHANGE CROSS-RATES

Dec. 21	Frankfurt	New York	Paris	Brussels	London	Amsterdam	Zurich
Fr'nkfu't	—	2.3665-65	47.40-45	6.545-55	3.980-995	95.97-05	96.97-03
N. York	42.22-24	—	20.04-08	2.7662-92	1.6825-6835	43.60-63	41.12-04
Paris	21.05-25	4.9805-9905	—	13.810-841	8.48½-4050	202.51-91	204.91-35
Brussels	15.26-30	36.07-12	7.23-25	—	60.72-88	14.64-8	14.73-85
London	3.97¾-98¼	1.6820-831	8.38-39	60.75-95	—	4.14¼-18¼	4.08¼-09¼
Am'rd'm	104.15-15	2.4577-4602	49.32-37	6.81¼-82¼	4.138-141	—	101.255-225
Zurich	102.89-02	2.438-4405	48.86-92	6.74¼-76¼	4.0825-1135	98.92-99.07	—

U.S.$ in Montreal. U.S.$=101.36-28 Canadian cents. Canadian $ in New York. C$=98.75-98.79 U.S. cents. U.S.$ in Milan 866.10-866.40. Sterling in Milan 1457.75-1459.00.

EURO-CURRENCY INTEREST RATES*

Dec. 21 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
Short term†	14¾-15¼	4⅛-4¾	7¼-8¼	6⅛-6¾	5¼-5⅛	[illegible]
7 days notice	15-15½	4½-4¾	[illegible]	6¼-6¾	5¼-5½	[illegible]
Month	15-15½	4¾-5	8⅝-8¾	6⅞-7⅛	5⅛-5⅜	1⅛-1⅜
Three months	14⅞-15⅜	4⅞-5⅛	8⅛-8⅞	6¼-6¾	4⅞-5	2⅛-2⅜
Six months	14⅝-15⅛	5⅛-5⅜	8⅛-8⅞	6⅛-6⅝	4⅞-5	[illegible]
One year	14⅝-14⅞	5⅛-5⅜	8⅛-8⅞	6⅛-6⅝	4⅞-5	2¾-3⅛

Euro-French deposit rate: two-day 10½-11 per cent.; seven-day 10½-11 per cent.; one-month 11⁹⁄₁₆-11¹¹⁄₁₆ per cent.; three-month 12⁵⁄₁₆-12⁷⁄₁₆ per cent.; six-month 12⁷⁄₁₆-12¹¹⁄₁₆ per cent.; one year 12½-12¾ per cent.

Longer-term Eurodollar deposits: two years 6¼-6½ per cent.; three years 6¾-7 per cent.; four years 7¼-7½ per cent.; five years 7¼-7½ per cent.

The following rates were quoted for London dollar certificates of deposit: one-month 4¼-4⅜ per cent.; three-month 4⅝-4¾ per cent.; six-month 4¹⁵⁄₁₆-5⅛ per cent.; one year 5⁵⁄₁₆-5⁷⁄₁₆ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two days' notice for guilders and Swiss francs. ‡ Following 17.5 per cent. devaluation. "dis" Discount.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—121¾% (123¼%)

NEW YORK

Stock	Dec. 21	Dec. 20
Abbot Labs.	47¼	48⅝
Addressograph	12⅛	11⅝
Aetna Life & Cas.	34½	34¼
Air Products	32	31½
Airco	30⅛	30⅜
Alcan Aluminium	22½	21⅞
Alcoa	54¼	53⅞
Allegheny Ludlm.	37½	38
Allegheny Power	21½	21¼
Allied Chemical	39⅛	38⅝
Allied Stores	46⅜	46½
Allis Chalmers	25	24¾
AMAX	56⅝	56⅛
Amerada	28	27⅞
Amer. Airlines	13⅛	12¾
Amer. Brands	42⅞	42⅛
Amer. Broadcast.	38⅝	38⅜
Amer. Can	38	38
Amer. Cyanamid	27	27⅛
Amer. Elec. Pow.	24¾	24⅞
Amer. Express	39¼	40¼
Amer. Home Prod	29¼	29
Amer. Medical	12½	12½
Amer. Motors	4⅛	4
Amer. Nat. Gas	44½	44¼
Amer. Standard	29	29½
American Stores	30½	30¼
Amer. Tel. & Tel.	63¼	63⅛
AMF	20¼	20½
Ampex	7⅝	7⅛
Anaconda	28⅛	29
Anchor Hocking	30½	29¾
Anheuser Busch	22¾	23⅜
Armco Steel	29½	29⅛
A.S.A.	20¼	20⅜
Asamera Oil	10½	10⅛
Asarco	16¼	16⅜
Ashland Oil	33½	33⅝
Atl. Richfield	57½	57⅜
[illegible]	8½	9
Avco	12¼	12½
[illegible]	11¼	11⅜
Avon Products	47	45½
Balt. Gas Elect.	26¼	26⅛
Bank America	28½	28⅛
Bankers Tr. N.Y.	36½	36¼
Barber Oil	34⅜	34⅝
Baxter Travenol	37½	37
Beatrice Foods	26⅛	25⅞

Stock	Dec. 21	Dec. 20
Corning Glass	69⅝	69¼
CPC Int'nation'l	47⅛	46
Crane	28	28
Crocker Nat.	27¼	27½
Crown Zellerbach	44¼	44¼
Cummins Engine	44¼	44
Curtiss-Wright	17	17
Dana	26¼	26⅝
Dart Industries	35½	35⅜
Deere	31	31
Del Monte	26⅜	26½
Deltona	4½	4½
Dentsply Inter.	31⅜	31⅝
Detroit Edison	14¾	14⅞
Diamond Shamrk	34¼	33⅞
Dictaphone	11⅝	11½
Digital Equip.	53	50¼
Disney Walt	46¼	46⅜
Dover Corpn.	67⅜	68
Dow Chemical	41⅞	41¼
Dresser	42⅜	42⅝
DuPont	138	136
Dymo Industries	9¾	9¾
Eagle Picher	29¼	29⅜
East Air Lines	8⅞	9
Eastman Kodak	83	82
Eaton	41½	40¼
E.G. & G.	17	17¼
El Paso Nat. Gas	14¾	14⅝
Eltra	30¼	29¾
Emery Air Fr'ght	39¼	39½
Emhart	35½	35¼
E.M.I.	3⅜	3⅜
Engelhard	32⅜	32¼
Esmark	31¼	32⅜
Ethyl	42	41½
Exxon	51¼	51⅝
Fairchild Camera	39½	37⅞
Fed. Dept. Stores	46½	46
Firestone Tire	25¼	25⅜
Fst. Nat. Boston	27⅜	27
Flexi Van	10⅞	10⅞
Flintkote	23	22¾
Florida Power	31¼	30¾
Fluor	37⅛	36⅝
F.M.C.	23⅜	23¼
Ford Motor	59	58¾
Foremost Mck.	15	14¾
Foxboro	48⅜	48½
Franklin Mint	28	27¾

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

◆ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ♦ Frs.500 denom. unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. △ Interim since increased.

GERMANY ◆

Dec. 21	Price Dm	+ or —	Div. %	Yld. %
A.E.G.	80.9	+0.9	—	—
Allianz Versich	411	+2	18	2.1
B.M.W.	214.5	+1.5	18	4.1
B.A.S.F.	156.8	—0.2	14	4.5
Bayer	154	—0.2	14	5.2
Bayer Hypo	285	....	20	3.5
Bayer Vereinsbk.	285	+2.5	20	2.9
Commerzbank	190.2	—1.7	18	4.7
Conti. Gummi	66.5	+0.5	—	—
Daimler	352.5	+1.0	17	2.5
Degussa	226	—3	15	3.9
Demag	146.5	+1.5	15	5.8
Deutsche Bank	282.9	—1.2	20	3.5
Dresdner Bank	224.5	—0.4	20	4.4
Dyckerhoff Zemt.	123	—1	6	2.5
Gutehoffnung	171	—1	14	4.1
Hapag Lloyd	102.5	—1.0	12	6.0
Harpener (Dm100)	143	+1	9	3.1
Hoechst	135.6	—0.9	14	5.1
Hoesch	45	+0.2	—	—
Kali Salz (Dm50)	99	+1.2	7	3.5
Karstadt	354.5	....	y20	2.7
Kaufhof	206	—2	20	4.9
Klockner (Dm100)	89.5	....	—	—
Klock Humbolt	140.5	—0.5	10	3.5
Krupp Prf (Dm100)	99	+2	—	—
Kundenkredit Bk	248	....	20	4.2
Linde	203.5	—1.5	16	4.1
Lowenbrau Dm100	1,870	....	20	1.0
Lufthansa	89	—1	4	2.5
M.A.N.	159	—1	12	3.6
M'esmann Dm 50	173.3	+0.3	x7	4.1
Metallgesellschaft	203.5	—7.5	10	—
Munch. Ruckvers	416	—7	18	2.5
Neckermann	42	—1.5	y—	—
Preussag Dm. 100	139.5	+0.5	7	4.9
Rhein West Elect	161.5	—0.5	17	5.0
Schering	290.5	—1.5	20	3.5
Siemens	260.1	+0.8	16	2.7
Sud Zucker	240m	....	19	3.6
Thyssen	111.5	....	14	6.1
Vereins West Bk	308	....	20	2.9

PARIS

Dec. 21	Price Frs.	+ or —	Div. Frs.	Yld. %
Afrique Occid't'le	396	—2	19.8	5.0
Air Liquide	329	—2.5	16.5	5.0
Aquitaine	280	....	22.5	7.9
Beghin	65.9	—1.6	—	—
B.S.N. Gervais	465	—15	37.5	8.2
Carrefour	1,355	—15	57	4.2
Chargeurs Reunis	169.5	+2.5	16.5	9.7
Citroen	40	....	y—	—
Cie Bancaire	319.1	—0.9	12	3.7
C.G.E.	260	+0.2	25.5	9.4

MILAN

Dec. 21	Price Lire	+ or —	Div. Lire	Yld. %
Alitalia Priv.	498	+48	—	—
ANIC	409	+4	—	—
Assonia Fin.	2,710	—50	120	4.8
Bastogi	915	....	—	—
Breda	1,960	+9	105	5.4
Burgo	8,350	—20	—	—
Cantoni	6,580	+80	—	—
CIGA	1,675	+20	—	—
Cucirini	4,400	+60	255	5.8
Dalmine	664	....	75	1.1
Erba	1,710	—40	—	—
Fiat	2,065	—55	100	4.9
Do. Priv.	1,350	—55	100	0.8
Finsider	256.75	—2.25	—	—
Generali	37,900	—350	600	1.2
Invest B.	2,050	+50	80	3.9
Italcementi	14,500	—150	400	2.5
Italgas	705	—10	—	—
Italsider	408	+7	80	1.9
La Centrale	7,242	—98	400	5.4
Marelli Ercole	355	+2	—	—
Mediobanca	72,000	—150	1,200	1.5
Mondadori Priv.	925	+10	—	—
Montedison	352	—7.5	—	—
Olivetti Priv.	1,054	+25	70	6.9
Pirelli & C.	1,925	+25	110	5.8
Pirelli Spa.	1,498	—5	—	—
RAS	64,450	—740	800	1.2
Rinascente	64.5	+2.75	—	—
Rumianca	1,580	....	—	—
S.A.P.F.A.	6,112	—47	200	3.7
S.T.E.T.	1,429	—2	160	1.5
Snia Viscosa	1,139	—3	—	—
Soc. Gen. Immob.	137	+2	—	—
Unidal	329	—9	—	—

BRUSSELS/LUXEMBOURG

Dec. 21	Price Frs.	+ or —	Div. Frs. Net	Yld. %
Arbed	2,170	—15	150	—
BBL Bq Brx Lamb	1,5[illegible]	....	40	2.7
Bekaert "B"	1,870	—5	105	5.6
CBR Cimenteries	1,760	+10	110	6.5
C.B.R. Cement	1,424	+4	78	10.7
Cockerill	546	—2	—	—
E.B.E.S.	2,155	—25	161	7.5
Electrobel	5780 xd	+30	400	6.5
Fabrique Nat.	1,845	....	100	5.4
G.B. Inno-Bm.	1,670	....	70	4.2
Glace St. Roch.	3,650	—30	60	1.5
Hoboken	2,925	—80	110	4.4
Intercom	1,700	+10	129	7.5
Kredietbank	6,020	—10	245	4.2
La Royale Belge	4,500	—50	285	6.8
Pan-Holding	2,630	....	32.15	3.5
Petrofina	4,340	—25	170	3.8
Photo Gevaert	1,110	—12	75	6.4
Pieux Frankl	4,490	....	275	6.3
Soc. Generale	4,125	+45	175	7.6
Soc. Gen. Banque	2,530	....	175	6.8
Sofina	5,055	—45	195	5.5
Solvay "A"	2,500	—90	170	6.5
Traction Elec.	2,850	+20	160	5.0
U.C.B.	2,015	—45	A126	5.9
Un. Min. (1/10th)	990	—6	70	7.0
Vieille Montagne	2,955	—15	150	12.6

AUSTRALIA

Dec. 21	Aust. $	+ or —
ACMIL	†0.85	......
Acrow Australia	†3.75	......
Adelaide Brighton Cement	†1.17	......
Allied Mnrg-Trdg. Indus. $1	†1.02	+0.02
Ampol Exploration	†1.6	+0.02
Ampol Petroleum	†0.50	......
Assoc. Minerals	†2.40	......
Assoc. Pulp Paper $1	†0.78	......
Assoc. Con. Industries	†1.43	—0.05
Aust. Foundation Invest.	†0.57	......
A.N.I.	†1.18	+0.01
Aust. Oil & Gas	†0.10	......
Blue Metal Ind.	†0.80	......
Bougainville Copper	†1.45	......
Broken Hill Proprietary	†7.30	+0.1
BH. South	†1.09	—0.05
Carlton United Brewery	†1.50	......
J. J. Coles	†1.28	......
CSR ($1)	†3.65	+0.01
Cons. Goldfield Aust.	†1.50	—0.05
Container ($1)	†1.48	......
Conzinc Riotinto	†3.0	—0.05
Costain Australia ($50c)	†1.75	......
Dunlop Rubber ($1)	†0.95	......
ESCOR	†3.51	—0.01
Elder Smith ($1)	†1.80	......
E.Z. Industries	†2.80	......
Gen. Property Trust	†1.18	......
Hamersley	†2.62	......
Hill 50 Uranium NL	†0.15	......
Hooker	†0.66	—0.02
I.C.I. Australia	†1.68	+0.5
I.A.C. Holdings	†0.70	......
Inter-Copper	†0.31	......
Jennings Industries	†1.15	......
Jones (David)	†0.92	—0.01
Metals Exploration	†0.58	+.01
MIM Holdings	†2.30	—.6
Myer Emporium	†1.95	—0.01
News	†2.80	......
Nicholas International	†0.82	—0.01
North Broken H'dings (50c)	†0.87	—.5
Oakbridge	†1.98	+0.2
Oil Search	†0.10	......
Pioneer Concrete	†1.12	+0.02
Reckitt & Colman	†3.00	......
H. C. Sleigh	†0.55	+.01
Southland Mining	†0.29	......
Stocks & Holdings	†2.70	......
Tooth ($1)	†1.60	+0.1
Waltons	†0.69	—0.01
Western Mining (50 cents)	†1.58	—0.04
Woolworths	†1.18	......

TOKYO ¶

Dec. 21	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	354	+3	14	2.0
Canon	590	+1	—	—
Dai Nippon Print	608	+6	18	1.5
Fuji Photo Film	794	—1	15	0.9
Hitachi	229	+1	10	2.2
Honda Motors	740	+15	18	1.2
C. Itoh	295	+1	12	2.0
Ito-Yokado	1,720	—10	30	0.9
Japan Airlines	2,090	—10	—	—
Kansai Elect. Pw.	701	—2	9	6.4
Komatsu	315	+4	18	2.9

BRAZIL

Dec. 21	Price Cruz	+ or —	Div. Cru.
Banco Brasil PP	4.86	—0.12	.18
Belgo Mineira OP	2.66	—0.07	.14
Brahma PP	1.49	—0.04	.16
Docas Santos OP	0.90	......	.16
Docas Amer OP	4.15	+0.01	.16
Petrobras PP	2.18	—0.08	.11

FARMING AND RAW MATERIALS

New dairy cost rise forecast

By Peter Bullen

FURTHER BIG rises in milk, butter and cheese prices to consumers were forecast yesterday.

In addition to the removal of the subsidy on butter and the cut in the cheese subsidy from next Tuesday, cheese manufacturers are expected to raise prices by £60 a tonne to take account of increased costs from January 4.

This will mean that cheddar cheese prices could rise by as much as 8p a lb—half of which is due to the subsidy cut and the rest to the price rise.

But because of large stocks of cheese overhanging the market it could be months before the full rise of 8p reaches consumers.

The removal of the remaining £89 a tonne butter subsidy will put up retail prices by 4p to 5p a pound and this increase is expected to come into force without much delay.

Later in 1977 the U.K. must take two £134 steps towards the full EEC butter price which will add another 12p a pound to butter prices in the shops, bringing it up to 61p to 71p a pound compared with the present level of 45p to 54p a pound.

Any devaluation of the "green pound" would mean even bigger increases during the year.

Fish ports plea to Callaghan

HULL, Dec. 21.

Mr. Callaghan, the Prime Minister, was asked yesterday to meet a deputation from the Humberside fish ports to discuss the dilemma created by the breakdown of talks for a new fishing agreement between the EEC and Iceland.

Councillor Harry Lewis, leader of the Labour-controlled Humberside County Council, sent a telegram to Mr. Callaghan. He also sent telegrams to Mr. Crosland, the Foreign Secretary, and to Mr. Eric Varley, the Industry Minister.

In his telegram to the Prime Minister, Councillor Lewis said the failure to reach a new fishing agreement would have a drastic effect on the local employment situation.

He requested urgent consultation to state the case for immediate aid from the EEC's regional fund and stressed that action was vital to alleviate higher unemployment and social and economic distress.

Mr. Crosland was urged to stand firm on Britain's demand for a 50-mile exclusive zone within the 200-mile limit.

Coffee soars on Brazil export price shock

BY RICHARD MOONEY

LONDON COFFEE prices exploded into further high ground yesterday following a sharper-than-ever increase in Brazil's export tax.

The new tax level is $72 a bag (60 kilos), $17 above the rate set last week. This rise is equivalent to around £214 a tonne after allowing for a reduced sales tax rate.

Futures prices on the London terminal market did not fully reflect the rise, but the March position still closed £173.5 higher at £2,886.5 a tonne after reaching £2,900 a tonne at one stage.

The latest rise has taken coffee prices to record levels in real terms, surpassing the 1954 peak. In sterling terms nearby delivery coffee is 265 per cent. dearer than it was at the beginning of this year, and no less than 450 per cent. above the level ruling before Brazil's July, 1975, frost disaster.

Brazil's export tax rise is seen as a further attempt to halt coffee sales which have been running at an embarrassingly high level. In the 1975-76 coffee year (October-September), the Brazilian Coffee Institute set an export target of 12m. bags, but the actual total sold was 13m. The sales rate is thought to have increased sharply since September, however, and some sources put the 1976 total so far at over 17m. bags.

Earlier Brazilian attempts to slow-down or even halt exports have been frustrated by the strong "bullish" mood of the market and by immediate leap-frogging price increases by other coffee producers, particularly El Salvador.

But the market clearly believes that El Salvador will think twice about trying to match this massive increase—hence the failure of futures prices to reflect the rise fully.

High price

Other "bullish" influences on the market yesterday were reports of a Uganda sale at 206 cents a pound—a very high price for Robusta coffee—and concern over possible repercussions of the problems of Ivory Coast shipper Jacques Borie on the cocoa market.

Though there is no suggestion that Borie's coffee shipments will be directly affected coffee dealers are naturally concerned about the prospect of any financial difficulties spilling over into their market.

Our Nairobi correspondent writes: The Kenya Coffee Board is concerned about reports from London of fears that Uganda coffee is being sold in London under the Kenya label.

These reports have been circulating since the revelations of considerable smuggling of Uganda coffee over the border to buyers in Nairobi. The Board is approaching the smuggling racket with some caution, because, according to a spokesman yesterday, "We do not really know the extent of the smuggling or its ramifications and are therefore not prepared to comment at present."

Under normal conditions Uganda, Rwanda and Zaire coffee are exported through Mombasa under seperate shipping arrangements from those of Kenya coffee.

It is clear, however, that the Board and the Kenya government are studying the matter with some urgency.

One problem, it is understood, is that several prominent people in Kenya are alleged to be involved in the racket. The question of Kenya coffee's purity is a matter of great concern to the Kenya producers because of the very high prices on the market.

During 1975-76 the growers were paid more than £100m. National production was 73,810 tonnes.

Irish green £ devaluation plan

BY ROBIN REEVES

BRUSSELS, Dec. 21.

IRISH PRESSURE for a further devaluation of the "green pound" to boost farm incomes and the value of its substantial farm exports was rewarded this evening when the Brussels Commission tabled a proposal for an 8.2 per cent. devaluation.

Under the Commission's plan, 5.1 per cent. of the devaluation takes effect immediately and the remaining 3.1 per cent. would be staggered to take effect at the start of the season for each product.

The move would boost Irish farm incomes by an estimated 65m. units of account or some £40m. and add 1.2 per cent. to the Irish cost-of-food index.

The Monetary Compensatory Amounts on Irish farm exports will be cut by 10 percentage points, which on the present MCA rate would bring them down to 15.5 per cent.

Ireland has been anxious for a devaluation because the green currency system imposes charges on its farm exports to other EEC members on the continent.

For Britain, as a food importer, the system provides a subsidy on many food imports, which in recent weeks have been as high as 40 per cent. and more.

During the Council of Agriculture Ministers "discussions of the proposal, Mr. Mark Clinton, the Irish Minister, pressed for the whole devaluation to take effect immediately.

Ireland was earlier reported to be pressing for a devaluation of at least 15 per cent.

For Britain, the Irish move will widen the gap with the U.K. "green pound" rate and increase the attractions of smuggling across the Northern Ireland border.

Around £1m. a month is being spent out of Northern Ireland Office funds to ensure that meat processors in the province can compete for supplies. This subsidy will have to be increased.

Because of these border difficulties. British Ministers in the past have resisted a differential opening up between the U.K. and Irish "green pounds."

But Mr. John Silkin, the U.K. Farm Minister, was driven, during his recent stubborn resistance to any devaluation of the "green pound," to insist that decisions on green rates must rest entirely in the hands of national governments.

Mr. Christian Bonnet, the French Farm Minister, insisted, along with his Belgian, Irish and Luxembourg counterparts, that this was an essential *quid pro quo* for a levy on milk producers linked to the size of surplus EEC stocks of skim milk powder and butter.

Britain, Germany, Denmark and the Netherlands have stressed all along that a margarine tax, with its consumer and international trade repercussions, is totally unacceptable.

Mr. Silkin was also against a proposed ban on investment aids for the dairy sector and making the use of butterfat compulsory in a number of food products, such as ice cream.

Big cocoa shortfall forecast

WORLD COCOA production in the 1976-77 season is likely to fall short of consumption needs by some 83,000 tonnes, according to the latest market report issued yesterday by London merchants Gill and Duffus.

The report forecasts a fall over over 9 per cent. in world cocoa production to 1,368,000 tonnes, while grindings at 1,424,000 tonnes are expected to decline by 3.7 per cent.

However, the report points out that stocks at the end of 1976-77, even after the big decline forecast, will not be as small as on a number of occasions in the past, including the end of 1973-74.

Prices this year have exceeded the 1974 highs, even in real terms, the report points out and comments: "It may be unwise therefore to assume that a further substantial deficit in 1976/77 would necessarily lead to a continuation of the upward price trend that has persisted, almost without a break, for 18 months now."

The London cocoa terminal market was quiet yesterday with dealers awaiting the outcome of a meeting in Paris to-day between the Ivory Coast shipper, Jacques Borie, and representatives of the dealers involved, including some 13 London-based companies.

There is considerable concern that the losses involved, estimated at roughly £15m., might be too great for some companies to bear and this could have a snowballing effect on the cocoa and coffee markets.

For this reason it is expected considerable efforts will be made to agree a compromise formula to limit the repercussions as much as posible.

Lead market supply squeeze

By Our Commodities Staff

A TECHNICAL shortage of nearby supplies brought a rise in the price of cash lead on the London Metal Exchange yesterday.

At one stage a temporary backwardation (cash price exceeding the forward quotation) developed for the first time since May 1965, encouraged by forecasts of a steep stocks decline in January.

However, by the close cash lead, up £8.5, at £283.5 a tonne was marginally below the three months quotation, which lost £1.25 to £294.5m.

INDIA

Year of prosperity for tea industry

BY OUR CALCUTTA CORRESPONDENT

THE INDIAN tea industry has never had it so good. Production, prices and exports (in value terms) and every other indicator, point to a year of prosperity in 1976 such as the industry has not experienced before.

Production this year is likely to exceed 510m. kilograms, against 488m. in 1975; average auction prices in India; leaf Rs13.13 a kilogram (Rs12.72), dust Rs11.93 a kilogram (Rs9.47); in London 100p (average) a kilogram (65p). All these set new records.

Although the officially-released export figures covering six months of the year show a lower quantity compared with the corresponding months of 1975, in value terms the figure is way ahead. The Tea Board chairman predicts that the value of tea exports this year will reach the target of Rs2,600m. (£162.5m.) compared with Rs2,400m. (£150m.) a year ago.

It is worth noting that despite successive "revaluations" of the Indian rupee against sterling, which necessarily cut into the exporter's rupee income, the urge as well as the need to send tea to London auctions remain as strong as ever. This is partly due to an old established link, but in the present context, London prices provide a strong incentive.

However, the Tea Board sees a serious glut persisting in the London market for some time, although the latest U.K. stock figures do not justify its fears. It has asked Indian exporters to limit tea shipments to London from November until February to 5m. kilograms a month only.

Shipments in September and October, according to trade sources, were unusually heavy placed at 15m. and 20m. kilograms, respectively. The Tea Board did not confirm the figures, but says that the shipments were substantial. The restriction on the export quantity is bound to keep the London auction prices high against the background of a world demand for tea remaining somewhat ahead of global supply, and a lower world coffee crop, the competing beverage.

The Tea Board's action demonstrates India's growing reliance on internal consumption absorbing steadily half of a progressively rising output, and as such, becoming a major outlet or "a safety valve, to quote a planter. Thus, unlike Sri Lanka and other producers, India has quite a secure home base for her tea, yet she depends as much on tea's foreign exchange earning capacity to pay for her increasing imports.

With a rising home market and a steady export demand India needs to raise her output year after year. On the basis of the rate of growth in the demand for tea, taking the home and export markets together, a target has been set for 600m. kilograms for 1980.

Both the Indian government and the industry are agreed on the need to raise tea production through an extensive replanting and new planting programme. According to an industry spokesman, all concerned must think in terms of a 1,000m. kilograms production target by the year 2,000 to cater adequately to home and export requirements.

The government is giving all encouragement to the industry to expand output fast. At a recent national seminar on tea government spokesmen went out of their way to assure the industry that despite some incursions into marketing and production spheres by official agencies like the Tea Trading Corporation of India and the Tea Corporations of West Bengal and Assam, no nationalisation of the industry is contemplated. Indeed, tea is predominantly in private hands.

In the short run, additional output can come from higher productivity as it did in 1955-75 (during this decade, the area under tea rose from 320,000 hectares to 400,000 hectares while, the output went up from 300m to nearly 500m. kilograms.)

It is perhaps not so well known that India has the highest yield a hectare in the world—at 1,300 kilograms a hectare on average, compared with a world average of about 900.

But in the long run, extra production in line with the targets can come only from new plantings on virgin lands. This must call for substantial new investment.

A prominent Indian tea planter has estimated that the world tea and coffee market is worth at least £3.1bn of which tea's share is just about one-seventh. In his opinion tea and coffee are, over a period of time, interchangeable beverages, and given an aggressive and imaginative promotional effort by all producers in full co-operation with one another, tea can wrest a bigger share from coffee in the world beverage market.

Agriculture trade compromise

BY DAVID EGLI

GENEVA, Dec. 21.

TOKYO ROUND negotiations on agriculture, blocked for more than a year, may get underway in the New Year as a result of a procedural compromise between the European Community and the U.S.

The text of an understanding reached by the two trading partners was presented in the agriculture group here this week. The GATT said that while it was not a breakthrough it would make the danger of further negotiating delays "somewhat less."

The formula protects the Community which views that agriculture is a special subject to be treated separately in the negotiations, and the U.S., which views that the problems related to agriculture should be handled in the same way as are other issues in the multilateral trade negotiations.

In effect it eases the problem of discussing measures which affect agricultural products in other groups of the multilateral trade negotiations.

The decision should make it possible to move forward on at least two lines: reporting to the group on the results of bilateral discussions on agricultural products, and the furnishing of details on agriculture for the computerised tariff rate information file developed by the GATT Secretariat.

The meeting of the agriculture group, in March, will take up the question of how to cope with agriculture under the GATT draft code on technical standards—another highly technical area of negotiations.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Marginally easier in quiet trading on the London Metal Exchange. Forward metal traded between the day's high of £812 and low of £809, reflecting the movements of sterling, before ending at the higher price on the afternoon kerb. Comex opened almost in line with London and had little effect on prices. Turnover 16,225 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	777.5-8	-1.5	777.5-8	-2.5
3 months	811-.5	-1.5	811-.5	-3
Settlem'nt	778	-1.5	—	......
Cathodes				
Cash	784-5	-1	765 6	-5
3 months	797-.5	-2.25	797-8	-5.5
Settlem'nt	765	-1	—	......
U.S. Smt.	—	......	—	......

Amalgamated Metal Trading reported in the morning cash wirebars traded £778, three months £810, 11, 10, 12, 11.5, 11. Cathodes: Three months £798, 97.5. Kerb: Three months £810, 09.5, 08, 08, 09. Afternoon: Wirebars, cash £777, 77.5, three months £808, 09, 09.5, 09, 10, 10.5, 11. Kerb: Three months £811, 11.5.

TIN—Lost ground. The initial steadiness of sterling combined with the fall in the overnight Penang price caused forward standard material to ease from an opening price of £5,080 to £5,070. Also evident was hedge selling from both Malaysia and the U.S. In the afternoon stop-loss and chartist selling caused the price to react further to a day's low of £5,040 before it recovered modestly to end at £5,060 on the late kerb owing to physical demand from the U.S. Turnover 1,065 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	4930-5	-75	4920.5	-47.5
3 months	5085-90	-72.5	5080-90	-42.5
S'ment	4935	-75	—	......
Standard		......		......
Cash	4930-5	-75	4920-5	-47.5
3 months	5065-70	-65	5055 65	-42.5
S'ment	4935	-75	—	......
Straits E.	181,242½	-87½	—	......
New York	—	......	389.50	-5.00

Morning: Standard, cash £4,935, three months £5,080, 70, 60, 70, 65. Kerb: Standard, three months £5,070. Afternoon: Standard, cash £4,920, three months £5,060. [illegible]

LEAD—[illegible]

ZINC—[illegible]

SILVER

[illegible]

COCOA

[illegible]

GRAINS

[illegible]

COFFEE

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

MEAT/VEGETABLES

[illegible]

WOOL FUTURES

LONDON—Market unchanged to a shade easier following overseas advices, reports Bache.

(Pence per kilo)

[illegible]

JUTE

[illegible]

COTTON

[illegible]

PALM OIL

[illegible]

GRIMSBY FISH—Supply good, demand fair. (Prices at ship's side unprocessed per stone): Shelf cod £2.80-£3.50; codlings £2.60-£3.30; large haddock £2.60-£3.20; medium £2.30-£3.00, small £2.30-£2.80; large plaice £3.40, medium £3.10-£3.60, best small £3.40-£4.00; skinned dogfish medium £2.40, large £3.20; rockfish £2.30-£2.80; reds £1.40-£1.50; saithe £2.80-£2.90.

Brazil cotton rise forecast

RIO DE JANEIRO, Dec. 21.

SOUTH BRAZIL'S 1976/77 cotton crop is expected to rise about 50 per cent. to 350,000-370,000 tonnes from 240,000 tonnes for 1975/76, trade sources said.

The expected increase follows a rise of more than 65 per cent. in seed sales.

The 1976/77 harvest in the north is expected to total 120,000-130,000 tonnes.

Early estimates for the 1977/78 northern harvest, to start next August, are around 170,000-180,000 tonnes.

On the basis of these expectations, Brazil ought to have a small exportable surplus of raw cotton in second half 1977 of perhaps up to 50,000 tonnes, the sources said.

Reuter

PRICE CHANGES

Prices per ton unless otherwise stated.

[illegible]

*Nominal. † Seller. ‡ Unquoted. § Unofficial close. ♦ Indicative price. a Seller's quotation. b U.K. and Commonwealth refined. c Uganda Robusta standard grade indicative prices f.o.b. Mombasa U.S. cents a pound. d Bangladesh white "C" h Jan.-Feb. i Jan.-March. j Jan. k Dec.-Jan. q April-May. r Feb.-March. u Metric tons.

FINANCIAL TIMES

Dec. 21	Dec. 20	Month ago	Year ago
2?8.65	245.19	247.51	178.96

(Base: July 1 1952=100)

REUTER'S

Dec. 21	Dec. 20	Month ago	Year ago
1547.3	1550.5	1570.8	1171.3

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	Dec. 21	Dec. 20	Month ago	Year ago
Spot	368.27	364.59	366.91	466.26
Futures	367.27	364.25	365.00	[illegible]

(Average 1924-25-26=100)

MOODY'S

Moody's	Dec. 21	Dec. 20	Month ago	Year ago
Spie Comm'ty	857.2	850.8	823.6	749.4

(December 31, 1931=100)

COPRA, Philippines—Jan. and Feb. $380 resellers a tonne cif North European ports.

U.S. Markets

Silver and copper improve

NEW YORK, Dec. 21.

COPPER market closed higher on mixed buying touching off Commission House stops. Silver also closed higher on local short covering and following copper. Grains were higher on local short covering and new commercial buying. Cotton closed on the lows on trade selling. Coffee closed limit up on reports of business export tax increase, Bache reports.

Cocoa—Ghana spot 161½ nom. (157½), Bahia spot 159½ nom. (153½). March 145.80 (141.80), May 139.30 (135.30), July 134.05, Sept. 130.10, Dec. 117.10, March 111.60, May nil. Sales: 2,230.

Coffee—"C" Contract: Dec. 220.00 (211.50), March 215.95 bid (212.95), May 216.33 bid, July 216.48 bid, Sept. 215.75 bid, Dec. 211.25 bid, March nil. Sales: 213.

Copper—Dec. 60.90 (60.10), Jan. 61.00 (60.20), Feb. 61.40, March 61.80, May 62.70, July 63.60, Sept. 64.50, Dec. 65.80, Jan. 65.90. Sales: 4,126.

Cotton—No. 2: March 78.20-73.45 (78.80), May 76.01-76.05 (77.22), July 76.00, Oct. 71.30-71.40, Dec. 67.10, March 67.35-67.60, May 67.45-67.65. Sales: 2,650.

♦Gold—Dec. 135.00 (131.90), Jan. 135.00 132.10, Feb. 135.20, April 136.10, June 137.00, Aug. 138.10, Oct. 139.30, Dec. 140.60, Feb. 141.90, April 143.20. Sales: 5,618.

Greasewool—Spot 170.0 nom. (same). March 161.5 bid (163.0).

†Lard—Chicago loose 19.50 (20.00). New York prime steam 21.50 traded (same nom.).

††Maize—March 249-249½ (249½), May 253½ (254), July 258-257½, Sept. 257, Dec. 256.

‡Platinum—Jan. 147.00 (148.10), April 148.90 (150.20), July 152.00, Oct. 154.60, Jan. 157.00-157.20, April 161.00. Sales: 440.

‡‡Silver—Spot 433.50 (433.00), Dec. 427.70 (423.90), Jan. 438.30 (433.50), Feb. 440.50, March 442.80, May 446.90, July 451.00, [illegible]

[illegible]

I.G. Index 01-351 3466. March Coffee 2895½-2904½

COMPANY NOTICES

APPEALS

STOCK EXCHANGE REPORT

British Funds good but equity leaders move narrowly

Share index up 0.3 at 337.8—Shippings active

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Dec. 13	Dec. 30	Dec. 31	Jan. 12
Jan. 4	Jan. 13	Jan. 14	Jan. 25
Jan. 17	Jan. 27	Jan. 28	Feb. 8

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Interest in stock markets centred chiefly on British Funds yesterday. Activity was stimulated by news that the long tap stock, Treasury 15¼ per cent., 1998 "A," had been exhausted after a big demand; gains in the longs ranged to ½, with the long tap up that amount at 99¾. There was also a useful business in the shorts where rises extended to ¼ and sometimes more. The Government Securities index rose 0.28 to 59.46, making a gain of 1.04 over the past three trading days.

Leading equities appeared to run out of steam after the recent good improvement. Prices opened a little easier, but picked up in sympathy with the rise in the Funds and by the late morning were showing small gains on balance. Thereafter, the tendency was to drift lower on lack of interest and the FT 30-share index which was showing a rise of 2.3 at 11 p.m. ended a net 0.3 higher on the day at 337.8. Readers' attention is drawn to the corrected indices shown at the end of to-day's Stock Exchange Report.

Long tap exhausted

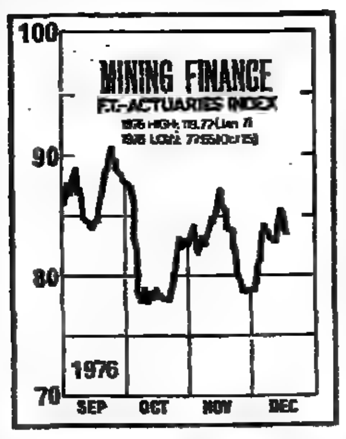
Apart from bid situations and occasional speculative demand, secondary issues had little to offer in the way of features. Overall, movements were mainly small and mixed, but falls just had the edge over rises in FT-quoted Industrials. The FT-Actuaries All-Share index eased 0.2 per cent. to 144.87. Official markings of 4,627 compared with 4,597 on Monday and 5,770 a week ago.

The measure of funds available for investment in British Funds was illustrated yesterday not only by the exhaustion of the long tap but also by the Government broker withdrawing his selling price of 96⅞ for supplies of the short tap stock. Orders for the long tap, Treasury 13¼ per cent., 1998, A, in which dealings started only eight days ago, were scaled down and following news of the stock's exhaustion the upturn was swift, taking most longs up by ½ and selected high-coupon stocks a little more. Views about a replacement tap being issued soon tended to differ, but an announcement to-morrow was given a 50:50 chance. The persisting tightness of money made no great impact on the shorts and a continuing demand for the tap, Exchequer 13 per cent., 1980, forced the GB to cease selling stock at 96⅞; any renewed buying at a slightly higher price could also see the exhaustion of this issue. The latest signal from the Bank of England that it would not wish to see a fall of more than ¼ in MLR this week acted as a dampener on demand, but failed to undermine sentiment.

A small institutional demand was easily matched by renewed offerings of investment currency from arbitrage sources and the premium reacted to 120 per cent. prior to settling 1¼ points down on the day at 121¾ per cent. Yesterday's S.E. Conversion factor was 0.6967 (0.6892).

Banks better

The big four Banks took a turn for the better in thin trading. National Westminster gained 6 to 208p and Midland improved 5 to 245p, while Barclays and Lloyds hardened 3 and 2 respectively. Discounts improved in places with Alexanders notable for a gain of 10 at 200p: the preliminary results are due on January 24. Merchant Banks were erratic, but price changes were small; Fraser Ansbacher eased a shade to 7½p in front of to-day's interim figures and Guinness Peat shed 4 to 136p. London Scottish Finance hardened 2 to 19p in Hire Purchases.



Insurances were neglected and closed narrowly mixed. Sun Alliance put on 4 to 348p but General Accident lost a like amount to 150p, while Hambro Life declined 4 to 170p.

Buildings closed narrowly mixed. Fairview Estates responded to speculative support with a rise of 4 to 26p, while similar gains were seen in AP Cement, 138p, and Taylor Woodrow, 246p. Redland continued firmly, rising 2 to 79p for a two-day gain of 5, while Marshalls (Halifax) closed 3 better at 67p. Of the dull spots, Ruberoid eased 2 to 18p and G. W. Sparrow 3 to 120p.

ICI were finally a penny cheaper at 317p, after 319½p. Enalon Plastics, up 2 ahead of the news on Monday, were lowered 5 to a 1976 low of 45p on the disclosure of sharply reduced earnings. Laporte shed 2 to 78p and Fisons 3 to 295p. Hoechst, however, improved 8 to 490p.

Television Contractors continued firmly, Associated A closing a penny up at 63p and Anglia A 2 better at 92p. Trident, with interim results expected on January 18, also closed harder at 29p.

W. H. Smith 'A' erratic

W. H. Smith "A" continued firmly in quiet Stores, but became erratic and touched 324p before closing 6 up on the day at 314p. Bourne and Hollingsworth responded to Press comment with a rise of 6 to 50p in a restricted market, while gains of 3 were seen in Allied Retailers, 68p, and Forminster, 59p. Vantona were raised 2½ to 72½p, while Owen Owen 44p, and Morris and Blakey, 35p, put on 2 apiece. The leaders fluctuated narrowly and closed with little variation.

Rumours, later denied, that the company is about to enter the takeover field saw the shares of EMI fall to 217p before rallying to close only 3 easier on balance at 220p. Reyrolle Parsons, however, improved 4 to 121p and similar gains were seen in Ever Ready, 113p, and Ultra Electronic, 63p. Westinghouse Brake, which reported preliminary figures on February 3 last year, hardened 2 to 28½p, while Electrocomponents, 87p, and Farnell Electronics, 75p, put on 3 apiece.

Improvements in Engineerings rarely exceeded a few pence, including the leaders. Cooper Industries were a minor feature at 10½p, up 1¼, following the first-half profits upsurge, while fresh speculation of a possible rival bid took Spear and Jackson up to 122p before a close of only 1 dearer on balance at 119p. Marginal gains appeared against Mining Supplies, 29p, Brockhouse, 43½p, and Sanderson Kayser, 40p, but TCK fell 4 to a fresh low for the year of 30p. Small reactions were also seen in F. Pratt, 45p, and Anglo-Swiss, 22p.

J. Bibby continued to figure prominently in Foods, closing 5 better at 97p, after 100p, for a two-day rise of 15 despite the chairman's statement that market rumours of a bid for the company are unfounded. Brooke Bond finished a shade better at 35¾p, while RHM, 35½p, and Cavenham, 92p, both closed a penny harder. Associated Dairies, with interim figures today, finished without alteration at 184p following a reduced business. Having risen to 93p following Press comment, Bernard Matthews eased back on light profit-taking to close unchanged on the day at 89p.

Apart from Ladbroke, 4 cheaper at 92p following the High Court's censure over the company's acquisition of the Essoldo group in 1973, Hotels and Caterers made modest headway. Epicure hardened 1 to a 1976 peak of 41½p, while similar gains were seen in Norfolk Capital, 6p, and Queens Moat, 7p.

Whitecroft jump

The Miscellaneous Industrial majors became rather lethargic after the recent fine run and generally drifted lower in the absence of fresh support. Unilever at 422p, lost half of the previous day's gain of 12, while Glaxo shed 3 to 395p and Beecham 2 to 382p. In front of to-day's preliminary results, BOC International eased a shade to 61p. Second-liners fared better with Whitecroft the star performer, jumping 40 to a 1976 peak of 129p and 7 above the bid terms offered by Hanson Trust; the latter eased 5 to 106p on the annual report. Further consideration of the acquisition of John Fry from Anglo-Thai Corporation left Elbar Industrial 3 better at 160p, while higher preliminary profits and a proposed scrip issue left Granada A 3 to the good at 59p. Reflecting the return to profitability in the first half-year, English and Overseas hardened a shade to 4p. Gains of about 3 were recorded in Restmor, 53p, Bestobell, 117p, Foseco Minsep, 139p, Holt Lloyd International, 73p, and Leo, 94p. R. W. Toothill, on the other hand, gave up 3 to 45p on further consideration of the interim performance and, the Australian concern Broken Hill Proprietary declined another 15 to 685p.

Interest in Motors and Distributors quietened and prices closed little changed on the overnight levels. Oliver Rix were notable for a late speculative flurry which left the shares ½ higher at 3½. Heron Motor, which reported interim figures on January 14 last year, hardened 1½ to 31p, while BSG International closed marginally better at 15½p and Dutton-Forshaw finished a penny dearer at 26½p.

After having been neglected lately, News International resumed their revival and gained 6 further to 114p, while, in a narrow market United Newspapers moved up 8 to 180p. Thomson, on the other hand, eased 3 to 375p. In Paper/Printings, McCorquodale improved 3 to 135p.

Oils consolidate

Oils remained steady. Shell fluctuated on a small business between 438p and 446p before closing without alteration at 442p, while British Petroleum also ended unchanged on the day at 760p, having been down to 754p. Investment premium and overseas influences lowered Royal Dutch ⅜ to £43, but most other oil issues reverted to overnight levels after shedding early minor improvements. Oil Exploration were an exception at 88p, down 2.

Properties edged firmer encouraged by the strong possibility of another small fall in Minimum Lending Rate this week. Although business was largely confined to the first hour or so, Stock Conversion picked up 2 more to 159p and Land Securities the turn to 135p. MEPC, after the previous day's loss of 3 on adverse Press comment, hardened 1 to 46p. Elsewhere, Churchbury Estates rose 6 in a thin market to 144p and Chesterfield were 2 dearer at 138p after the increased half-yearly revenue. Reflecting a broker's recommendation, Percy Bilton improved 3 to 127p and Allnatt London 1 to 121p. Among smaller-priced issues, U.K. Property put on 1 to 11p.

After Monday's drop of 17 on disappointment with the nationalisation terms from the Government of St. Christopher Nevis Anguilla, St. Kitts (London) closed 2 better at 145p, after 150p. Australian Agricultural edged up 2 to 88p, while 1976 peaks were seen in Thomas Borthwick, a penny up at 76p, and James Finlay, 3 higher at 143p. On a dull note, Lonrho, at 64p, gave up the previous day's rise of 2 and Inchcape declined 4 to 433p.

The main focal point in Investment Trusts yesterday was the resumption of dealings in Direct Spanish Telegraph following the agreed bid from Trafalgar House Investments (4 off at 80p); returning at around 52p compared with Monday's pre-suspension level of 47p, DST closed at 53p. Altifund Capital improved 4½ to 98½p and a similar gain was seen in International Pacific Securities, 112p.

Leading Shippings attracted increased support, particularly P & O. Press comment and news that the Moray Firth oil well, in which the company has a stake, has an aggregate daily flow of 6,197 barrels a day drew buyers' attention to P & O and after touching 118½p, the Deferred shares closed a penny better at 116p. Furness Withy were also popular at 193p, up 6, while Lofs hardened a penny to 38½p.

Narrow mixed price movements were the order of the day in Textiles. John Beales, 33p, and British Mohair, 24p, both edged forward a penny, while Worth (Bond) held steady at 22p in front of to-day's preliminary results. Tobaccos displayed an easier tendency with BATs Industries Deferred 3 off at 225p and Imps a shade lower at 68p.

The three companies involved in the big merger in Rubbers all gained ground on eastern advices; Golden Hope put on 3 to 77p and London Asiatic and Pataling both hardened 2 to 55p and 53p respectively. In idle Teas, Assam Frontier rose 4 to 150p.

Although the bullion price put on $1.50 more to $133.625 per ounce, South African Golds managed to show only marginal gains owing to the further decline in the investment currency premium.

Among the heavier-priced issues Randfontein closed a half-point up at £22¾ and St. Helena rose ⅛ to £10¾, while of the lower-priced stocks Buffels advanced 20 to 620p and Kloof 10 to 335p. The Gold Mines index edged up 1.4 to 116.1.

The premium also lowered prices of the overseas-based Financials although trading was subdued. "Amcoal" and Middle Wits both declined 10 to 415p and 200p respectively, while Union Corporation gave up 7 to 208p.

In the London-based Finance Houses, Selection Trust were another 5 to the good at 430p following vague merger rumours. Rio Tinto-Zinc, however, eased 3 to 172p.

Coppers and Platinums were lower where changed but Tins gained ground despite yesterday's weakness in both metals price. Also helped by the good half-year results, Southern Kinta were 3 higher at 80p. Saint Piran, however, dropped 7 to 56p on profit-taking.

The further modest revaluation of the Australian dollar caused overnight home markets to weaken and depressed prices here. They were also affected by the lower premium and, in quiet trading MIM Holdings fell 8 to 210p and Thiess Holdings gave up 4 to 184p.

Whim Creek lost 10 of the previous day's 35 gain to close at 95p following reports that geological testing of the silver-lead-zinc prospect at Carrick in the Isle of Man is still being carried out and that the drilling programme is not expected to start until early in the New Year.

FT 30-share index

An error of calculation was made in arriving at last Friday's 10 a.m. FT Industrial Ordinary share index. The error was carried through in subsequent indices up to and including Monday's close. The corrected figures for Friday and Monday are shown below with the published figures in brackets.

	Dec. 17	Dec. 20
10 am	328.8 (329.4)	337.0 (340.6)
11 am	333.2 (337.8)	335.9 (339.4)
Noon	331.8 (336.5)	339.8 (343.4)
1 pm	331.6 (336.3)	340.7 (344.2)
2 pm	332.6 (337.1)	340.8 (344.2)
3 pm	333.1 (337.8)	339.3 (342.9)
Close	334.8 (339.5)	337.5 (341.0)

FINANCIAL TIMES STOCK INDICES

	Dec. 21	Dec. 20	Dec. 17	Dec. 16	Dec. 15	Dec. 14	A year ago
Government Secs.	59.46	59.18	59.05	58.42	58.92	58.87	59.36
Fixed Interest	59.90	59.43	59.21	58.85	59.00	58.82	59.13
Industrial Ordinary	337.8	337.5	334.6	322.7	313.8	324.3	362.8
Gold Mines	116.1	114.7	116.9	120.9	120.2	119.9	231.9
Ord. Div. Yield	6.50	6.50	6.50	6.74	6.90	6.70	5.76
Earning Yld % (full)*	20.32	20.33	20.45	21.17	21.69	21.06	16.06
P/E Ratio (net) (*)	7.20	7.20	7.16	6.91	6.75	6.95	9.13
Dealings marked	4,627	4,597	3,970	4,516	4,925	5,770	5,027
Equity turnover £m.	—	55.22	70.20	65.25	34.52	67.86	42.55
Equity bargains total	—	11,594	11,154	10,485	9,151	12,554	11,096

10 a.m. 337.1. 11 a.m. 339.8. Noon 337.9. 1 p.m. 338.1. 2 p.m. 337.8. 3 p.m. 337.2.

Latest Index 01-246 8026.

* Based on 52 per cent. corporation tax. † Nil=7.13.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942. ‡ Corrected.

HIGHS AND LOWS

	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21 (10/1)	55.06 (27/10)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.45 (2/2)	55.47 (22/10)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/5)	265.3 (27/10)	543.6 (16/5/72)	49.4 (26/6/40)
Gold Mines	246.6 (2/1)	78.2 (25/8)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Dec. 21	Dec. 20
Daily		
Gilt-Edged	205.8	185.8
Industrials	141.6	143.3
Speculative	35.6	32.0
Totals	105.3	104.6
5-day Average		
Gilt-Edged	198.1	205.9
Industrials	139.2	146.8
Speculative	32.9	33.5
Totals	103.0	108.2

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section

	Equity groups	Tues. Dec. 21, 1976 Index No.	Day's Change %	Est. Earnings Yield % (Max.) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Mon. Dec. 20 Index No.	Friday Dec. 17 Index No.	Thurs. Dec. 16 Index No.	Wed. Dec. 15 Index No.	Year ago (approx.) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (178)	125.85	−0.1	22.45	7.54	5.55	5.58	125.92	124.10	120.45	122.13	138.35	160.06 (21/6)	100.85 (28/10)	206.37 (4/5/72)	50.71 (13/12/74)
2	Building Materials (30)	99.69	—	24.23	9.95	5.04	5.04	99.55	97.36	94.57	95.93	136.68	150.18 (15/1)	85.53 (27/10)	233.84 (2/5/72)	44.27 (11/12/74)
3	Contracting, Construction (22)	155.79	+0.2	25.56	7.00	5.40	5.40	155.46	149.57	145.55	148.49	241.92	260.20 (15/1)	122.06 (27/10)	389.35 (13/5/72)	71.48 (2/12/74)
4	Electricals (16)	258.15	−0.6	19.00	5.60	7.55	7.65	259.60	257.27	246.94	251.63	233.56	287.30 (21/4)	190.54 (27/10)	330.04 (4/5/72)	84.71 (25/6/62)
5	Engineering (Heavy) (13)	155.70	—	31.04	8.43	4.59	4.59	155.73	154.91	149.59	154.16	156.87	193.16 (3/6)	123.56 (27/10)	202.57 (6/6/73)	64.39 (2/1/75)
6	Engineering (General) (66)	117.77	+0.1	23.22	7.94	5.65	5.64	117.60	116.41	113.74	114.59	122.27	149.29 (5/5)	95.90 (25/10)	168.89 (4/5/72)	45.43 (6/1/75)
7	Machine and Other Tools (9)	54.90	−0.2	18.01	8.00	8.59	8.27	54.99	54.45	53.70	55.59	48.53	60.62 (3/5)	46.29 (11/10)	136.70 (4/7/65)	19.96 (13/12/74)
8	Miscellaneous (22)	107.51	+0.3	20.86	8.53	7.01	6.94	107.15	105.35	102.58	103.75	118.61	141.94 (11/5)	90.25 (28/10)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (53)	109.29	+0.2	22.64	5.55	6.56	6.55	109.07	108.00	105.25	104.42	116.19	141.46 (21/4)	83.12 (28/10)	227.76 (21/4/72)	38.39 (6/1/75)
10	Lt. Electronics, Radio TV (15)	120.11	+0.7	21.11	4.00	7.05	7.04	119.33	118.62	114.75	113.68	131.94	160.35 (7/4)	87.51 (27/10)	257.41 (19/5/72)	42.95 (13/12/74)
11	Household Goods (13)	115.94	—	26.14	10.50	5.02	5.01	116.90	116.45	114.23	114.50	164.98	187.22 (7/4)	104.30 (28/10)	265.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (25)	72.99	−0.4	24.51	7.81	5.15	5.15	73.28	72.04	70.79	70.20	66.83	85.16 (3/5)	56.10 (28/10)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (170)	130.17	−0.5	17.79	7.55	8.49	8.40	130.82	128.60	125.45	123.59	145.65	162.24 (4/2)	104.41 (27/10)	226.06 (16/8/72)	61.41 (13/12/74)
14	Breweries (15)	140.84	+0.3	17.04	6.27	8.80	8.60	140.45	139.89	136.00	136.01	156.04	179.43 (2/2)	111.17 (27/10)	261.87 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (6)	152.35	−1.2	16.56	7.44	9.57	9.27	154.22	154.19	145.56	142.95	169.63	190.57 (6/6)	124.71 (28/10)	257.40 (13/7/72)	78.88 (13/12/74)
16	Entertainment Catering (15)	164.05	−0.9	16.45	5.19	9.28	9.19	165.58	165.00	157.74	154.64	182.93	211.26 (8/3)	127.11 (28/10)	329.99 (12/12/72)	54.83 (9/1/75)
17	Food Manufacturing (23)	143.83	−0.2	20.31	6.52	7.42	7.30	144.16	140.55	137.81	137.59	158.97	179.44 (11/5)	120.54 (27/10)	211.65 (1/5/72)	59.57 (11/12/74)
18	Food Retailing (16)	124.07	+0.4	16.17	6.52	8.95	8.93	125.58	122.04	120.74	119.29	139.52	150.05 (12/1)	92.79 (28/10)	255.06 (16/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (16)	191.81	+0.3	13.77	5.59	11.01	11.01	191.20	187.97	186.04	185.60	169.02	191.81 (21/12)	148.46 (12/10)	360.29 (12/1/73)	55.08 (6/1/75)
20	Packaging and Paper (12)	85.61	+1.0	20.66	9.42	7.35	7.35	84.77	85.62	82.54	83.76	101.55	112.50 (26/2)	72.34 (27/10)	135.69 (26/4/72)	43.46 (6/1/75)
21	Stores (34)	104.79	−1.3	14.92	5.61	10.35	10.50	106.12	105.90	100.42	98.66	119.47	136.24 (2/2)	78.47 (28/10)	204.39 (16/8/72)	52.63 (6/1/75)
22	Textiles (24)	114.04	−0.1	17.87	10.40	8.79	7.95	114.16	112.35	109.64	107.64	156.96	183.24 (30/1)	96.76 (27/10)	235.72 (17/1/67)	62.66 (11/12/74)
23	Tobaccos (3)	201.90	−0.7	21.70	8.85	6.86	6.86	203.39	199.85	198.15	196.85	214.97	241.95 (3/6)	167.36 (28/10)	339.16 (2/8/72)	94.34 (13/6/62)
24	Toys and Games (6)	73.80	—	22.45	8.30	5.98	5.95	73.79	73.52	71.28	71.70	61.54	80.95 (16/7)	59.15 (22/1)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (95)															
25	Chemicals (26)	195.85	−1.1	16.54	5.90	8.25	8.23	198.08	193.92	189.24	188.15	193.30	221.28 (3/6)	158.10 (27/10)	231.58 (5/5/76)	71.20 (11/12/74)
26	Office Equipment (8)	67.95	−0.4	16.82	7.78	7.95	7.95	68.21	67.50	67.50	66.70	84.78	100.16 (19/5)	58.53 (28/10)	246.06 (1/9/72)	45.54 (2/1/75)
27	Shipping (11)	376.31	+0.4	14.29	7.05	10.06	9.15	374.67	368.73	363.96	361.11	350.32	432.54 (30/6)	308.48 (25/10)	617.00 (5/12/72)	90.80 (29/6/62)
28	Miscellaneous (50)	132.75	−1.0	18.98	8.90	7.84	7.83	134.08	131.50	128.53	128.40	150.74	172.98 (21/4)	108.14 (27/10)	256.83 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	134.05	−0.5	18.98	7.34	7.78	7.72	134.68	132.45	129.16	128.46	146.06	168.58 (3/2)	107.32 (27/10)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	410.51	—	10.87	4.27	11.17	10.28	410.66	409.22	392.98	387.94	322.94	410.66 (20/12)	315.07 (11/1)	431.66 (20/2/69)	87.23 (29/5/62)
31	500 SHARE INDEX	156.07	−0.4	17.30	6.75	8.27	8.11	156.67	154.45	150.18	149.16	160.80	185.00 (3/2)	126.80 (27/10)	227.95 (16/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	110.40	+0.5	—	7.13	—	—	109.88	109.04	106.95	106.02	111.48	153.46 (30/1)	87.19 (28/10)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	135.85	+1.6	24.89	6.01	6.18	6.18	133.78	134.31	130.00	126.00	161.27	192.16 (29/1)	111.33 (27/10)	288.32 (30/7/72)	62.44 (12/12/74)
34	Discount Houses (10)	149.83	+1.1	—	9.30	—	—	148.14	145.58	142.49	146.03	166.48	186.59 (13/1)	97.72 (22/10)	393.13 (25/5/72)	81.40 (10/12/74)
35	Hire Purchase (5)	76.48	+0.1	9.73	8.97	22.73	22.75	75.42	75.42	75.14	76.72	100.16	132.10 (26/2)	53.25 (27/10)	433.74 (4/5/72)	39.88 (11/12/74)
36	Insurance (Life) (10)	90.82	−0.4	—	8.32	—	—	91.15	90.88	88.35	88.54	113.59	129.46 (30/1)	73.11 (28/10)	194.46 (15/3/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	86.73	+0.3	—	8.62	—	—	86.45	85.08	84.89	85.72	102.32	119.75 (30/1)	68.99 (28/10)	165.76 (21/4/72)	43.96 (13/12/74)
38	Insurance Brokers (10)	233.48	−0.2	12.89	5.87	11.66	11.66	234.03	232.77	229.96	225.96	215.59	276.90 (11/6)	178.27 (27/10)	276.90 (11/6/76)	65.86 (16/12/74)
39	Merchant Banks (15)	52.07	+0.5	—	8.07	—	—	51.79	52.13	51.66	52.16	63.30	93.83 (27/1)	45.15 (28/10)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (31)	137.07	—	5.40	4.08	29.94	28.62	137.10	136.15	132.41	132.99	165.84	194.57 (30/1)	95.95 (27/10)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (6)	69.56	—	19.32	12.59	7.88	7.88	69.56	70.33	68.49	65.90	77.50	91.98 (3/2)	55.37 (28/10)	305.18 (18/5/72)	[illegible] (17/12/74)
42	Investment Trust (50)	146.57	+0.8	3.67	5.28	28.11	28.11	145.44	144.84	141.11	141.70	166.86	184.55 (30/1)	115.09 (28/10)	245.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	144.87	−0.2	—	6.73	—	—	145.11	143.31	139.56	138.64	155.89	172.64 (30/1)	116.29 (27/10)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (Not included in 500 or All-Share indices)															
44	Rubbers (9)	488.07	+1.0	9.46	5.88	13.69	13.87	483.40	487.68	487.68	477.17	379.03	585.40 (7/6)	404.67 (14/1)	555.37 (26/7/73)	[illegible] (26/8/66)
45	Teas (8)	131.76	−0.2	32.00	9.35	4.11	3.99	132.04	132.04	131.70	131.70	118.80	142.43 (6/7)	117.89 (7/1)	142.43 (6/7/76)	59.72 (17/10/74)
46	Coppers (3)	144.15	—	44.94	7.77	2.23	2.23	144.15	142.24	140.33	140.33	262.81	201.47 (7/1)	140.33 (15/12)	567.78 (16/7/73)	84.06 (29/4/62)
47	Mining Finance (11)	83.20	−2.3	11.22	5.81	9.78	9.70	85.16	85.34	82.50	82.46	110.75	119.77 (7/1)	77.55 (15/10)	175.90 (28/4/69)	56.31 (30/9/70)
48	Tins (5)	[illegible]	[illegible]	11.17	8.78	13.77	[illegible]	123.45	120.84	119.35	118.90	87.16	126.59 (21/12)	85.09 (9/2)	126.59 (21/12/76)	[illegible] (27/5/70)
49	Overseas Traders (13)	209.90	−1.1	17.53	6.57	7.82	7.81	212.18	211.30	206.91	205.70	212.89	254.47 (3/5)	178.31 (27/10)	264.47 (3/5/76)	97.37 (6/1/75)

	FIXED INTEREST	Tuesday, Dec. 21 Index No.	Yield %	Monday Dec. 20	Friday Dec. 17	Thurs. Dec. 16	Wed. Dec. 15	Tuesday Dec. 14	Monday Dec. 13	Friday Dec. 10	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	14.73	14.83	14.82	15.03	14.80	14.80	14.79	14.88	14.74	—	—	—	—
2	20-yr. Govt. Stocks (6)	45.50	†14.23	45.13	45.00	44.28	44.87	44.80	45.03	44.70	47.02	53.45 (30/1)	42.31 (27/10)	115.42 (11/7/63)	38.37 (3/1/75)
3	20-yr. Red. Deb. & Loans (15)	46.49	†15.83	46.36	46.23	45.95	45.82	45.77	45.39	46.35	46.75	52.40 (21/5)	43.09 (2/11)	113.43 (23/10/63)	37.01 (5/1/75)
4	Investment Trust Prefs. (15)	44.32	15.69	44.32	44.27	44.27	44.25	44.18	44.18	44.02	47.05	51.23 (19/2)	40.54 (2/10)	114.41 (15/8/63)	34.45 (16/12/74)
5	Coml. and Indl. Prefs. (20)	62.79	14.56	61.91	62.15	61.97	62.10	61.76	61.96	61.02	65.73	71.97 (2/2)	54.88 (8/10)	114.96 (7/10/63)	47.67 (6/1/75)

Section or Group	Base Date	Base Value	Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00	Food Retailing	29/12/67	114.13
Engineering (Heavy)	31/12/71	153.84	Insurance Brokers	29/12/67	96.67
Engineering (General)	31/12/71	153.84	Mining Finance	29/12/67	100.00
Wines and Spirits	16/1/70	144.76	All Other	10/4/62	100.00
Toys and Games	16/1/70	135.72			
Office Equipment	16/1/70	128.20			
Industrial Group	31/12/70	128.20			
Miscellaneous Financial	31/12/70	128.06			
Food Manufacturing	29/12/67	114.13			

† Redemption yield. FT-Actuaries indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By post 20p. A record of the indices, cost £35, is obtainable from FT Business Enterprises, 10, Bolt Court, London, EC4. It gives all groups and sub-section indices at fortnightly intervals since the start of the series in 1962 with quarterly highs and lows. Dividend and earnings figures are also included.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
ICI	£1	16	317	−1	402	256
Shell Transport	25p	14	442	—	402	352
BATs Defd.	25p	12	225	−3	228	153
BP	£1	11	760	—	780	537
P. & O. Defd.	£1	10	116	+1	119	87
General Accident	25p	8	130	−2	173½	117
Hanson Trust	25p	8	106	−5	146	84
Midland Bank	£1	8	245	+3	320	200
Thorn Elect.	25p	8	186	+2	288	134
BET Defd.	25p	7	67	−1	97	55
GEC	25p	7	167	−1	189	112
GUS A	25p	7	170	−1	224	123
Slough Estates	25p	7	72½	—	91½	48½
Burmah Oil	£1	6	39	−1	[illegible]	25
Burton A	50p	6	32	—	[illegible]	20

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (15)

BRITISH FUNDS (2)
Treas. 14½pc 1994 Treas. 15¼pc 1996

CORPORATIONS (2)
G.L.C. 7½pc 1977 Liverpool 7pc '76-77

BANKS (1)
Hongkong Shanghai

ENGINEERING (2)
Molins Spear & Jackson

INDUSTRIALS (1)
Whitecroft

MOTORS (1)
Kwik-Fit

TEXTILES (1)
Beales (J.)

TRUSTS (1)
Direct Spanish Tele.

OILS (2)
LASMO 14pc '81-83 SCOT 14pc '81-83

OVERSEAS TRADERS (2)
Borthwick (Thos.) Finlay (J.)

NEW LOWS (12)

AMERICANS (1)
Int. Systems Contr.

BUILDINGS (2)
Econa Henderson (J. W.)

CHEMICALS (1)
Enalon Plastics

ELECTRICALS (1)
Electronic Machine

ENGINEERING (3)
Braeway T.C.K. Tranwood Group

PAPER (1)
Wyatt (Woodrow)

SOUTH AFRICANS (1)
Hulett's

TRUSTS (1)
Grimshawe

TEAS (1)
McLeod Russel

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Dec. 21	Jan. 11	Mar. 24	Apr. 5
Jan. 12	Jan. 24	Apr. 6	Apr. 20
Jan. 25	Feb. 7	Apr. 21	May 4

Calls were dealt in Berry Wiggins, General Electric, Lonrho, Ultramar, Samuel Property, British Land, Peachey Property, Lofs and Burmah Oil. Puts were done in Tube Investments and Dunlop, while doubles were arranged in General Electric, Samuel Property, Plessey, ICI, Beecham, Glaxo and British Land. Short-dated calls were dealt in General Electric and Samuel Property. A put was done in Dunlop, while doubles were arranged in General Electric, Samuel Property, Plessey, ICI, Beecham and Glaxo.

Industrials							
A. Brew	5½	E.M.I.	18	"Mams"	½	Property	
A. P. Cement	15	Gen. Accident	17	Marks & Spencer	8	Brit. Land	3½
BSR	10	Gen. Electric	17	Midland Bank	22	Cap. Counties	5
Babcock	8	Glaxo	56	Nat'l West Bank	20	E.P.	8
Barclays Bank	22	Grand Met.	7	"Do" Warrants	7½	Intereuropean	7
Berry Wiggins	5	G.U.S. 'A'	18	P & O Dfd	11	Land Securities	14
Beecham	28	Guardian	18	Plessey	7	MEPC	7
Boots	12	G.K.N.	35	R.H.M.	6	Peachey	6
Bowater	16	Hawker Sidd.	35	Rank Org 'A'	18	Samuel Props.	4½
B.A.T.	21	House of Fraser	8	Reed Int'l	23	Town & City	1½
BOC	5½	I.C.I.	22	Reyrolle	11	Oils	
Brown (J.)	9	"Imps"	7	Spillers	4	Brit. Petroleum	60
Burton 'A'	4½	I.C.L.	14	Tesco	4	Burmah Oil	4½
Cadbury	5	Inveresk	7	Thorn 'A'	22	Shell	37
Cavenham	10	Legal & General	12	Trust Houses	9	Ultramar	14
Courtaulds	10	Ladbroke	11	Tube Invest.	27		
Debenhams	8	Lex Service	5½	Unilever	38	Mines	
Distillers	13	Lloyds Bank	22	Utd. Drapery	8	Charter Cons.	16
Dunlop	7½	"Lofs"	4	Vickers	15	Chart'hall Fin.	4
Eagle Star	11	London Brick	4½	Woolworths	6	Cons Gold	15
		Lonrho	9			Rio T. Zinc	18
		Lucas Inds.	30				

RISES AND FALLS

	Up	Down	Same
British Funds	51	4	7
Corpns., Dom. and Foreign Bonds	20	3	37
Industrials	253	271	1,141
Financial and Prop.	140	76	332
Oils	5	4	26
Plantation	4	4	30
Mines	29	37	89
Recent Issues	1	6	22
Totals	503	405	1,684

BASE LENDING RATES

Allied Irish Banks Ltd. 14%
American Express Bank 14%
Anglo-Portuguese Bank 14%
Henry Ansbacher 14%
Banco de Bilbao 14%
Bank of Credit & Cmce. 14%
Bank of Cyprus 14%
Bank of N.S.W. 14%
Banque du Rhone S.A. 14½%
Barclays Bank 14%
Barnett Christie Ltd. 15%
Bremar Holdings Ltd. 15%
Brit. Bank of Mid. East 14%
■ Brown Shipley 14%
Canada Permanent AFI 14%
Capitol C & C Fin. Ltd. 14%
Cayzer Ltd. 14%
Cedar Holdings 14%
■ Charterhouse Japhet 14%
C. E. Coates 15%
Consolidated Credits 14%
Co-operative Bank 14%
Corinthian Securities 14%
Credit Lyonnais 14%
G. R. Dawes [illegible]
Duncan Lawrie 14%
Eagil Trust 14%
English Transcont. 14%
First London Secs. 14%
First Nat. Fin. Corp. 15½%
First Nat. Secs. Ltd. 15%
Goode Durrant Trust 15%
■ Antony Gibbs 14%
Greyhound Guaranty 14%
Grindlays Bank 14%
■ Guinness Mahon 14%
■ Hambros Bank 14%
■ Hill Samuel 14%
C. Hoare & Co. 14%
Julian S. Hodge 15%
Hongkong & Shanghai 14%
Industrial Bank of Scot. 14%
Keyser Ullmann 14%
Knowsley & Co. Ltd. 15½%
Lloyds Bank 14%
London & European 15%
London Mercantile 14%
Midland Bank 14%
■ Samuel Montagu 14%
■ Morgan Grenfell 14%
National Westminster 14%
Norwich General Trust 14%
P. S. Refson & Co. 14%
Rossminster Accept'cs 14%
Royal Bk. Canada Trust 14%
Schlesinger Limited 14%
E. S. Schwab 15%
Security Trust Co. Ltd. 15%
Shenley Trust 15%
Standard Chartered 14%
Trade Development Bk. 14%
Twentieth Century Bk. 15%
United Bank of Kuwait 14%
Whiteaway Laidlaw 14%
Williams & Glyn's 14%
Yorkshire Bank 14%

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%, 1-month deposits 11½%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 11¾% and over £25,000 11⅞%.
‡ Demand deposits 11%.
§ Call deposits over £1,000 11%.

CORAL INDEX
Close 337-342

INSURANCE BASE RATES
† Property Growth 14%
[illegible]
† Address shown under Insurance and Property Bond table.

MONEY MARKET

Signal on interest rates

Bank of England Minimum Lending Rate 14¼ per cent. (since December 17, 1976)

The authorities gave a signal on interest rates to the money market yesterday by lending a large amount for eight days to ten or 11 discount houses at Bank of England Minimum Lending Rate. The intention was to inform the market that the authorities are prepared to see a small reduction in the average rate of discount at this week's Treasury bill tender, possibly triggering a cut of ¼ per cent. in Minimum Lending Rate, but they do not wish to see a larger fall, leaving the Treasury bill rate close to ¼ per cent. reduction in MLR.

Day-to-day credit was in very short supply again yesterday, and apart from the lending for eight days the authorities also lent an exceptionally large amount overnight at MLR to the same number of houses, and bought a small amount of Treasury bills from the houses and banks.

Banks carried forward large surplus balances from Monday and Government disbursements exceeded revenue payments to the Exchequer. On the other hand there was a net market take-up of Treasury bills, an increase in the note circulation, settlement of substantial official gilt-edged sales, and repayment of the previous day's record loans from the authorities.

Discount houses paid around 14½-15 per cent. for secured call loans in the early part, with closing balances taken at about 11 per cent.

Short-term fixed period interest rates were generally easier, and discount houses buying rates for three-month Treasury bills were 13⅞-13¹³⁄₁₆ per cent., which is only slightly above the level indicating a cut of ¼ per cent. in MLR, even after the signal from the Bank of England.

Rates in the table below are nominal in some cases.

Dec. 21 1976	Sterling Certificate of deposit	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House Deposits	Company deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-15	—	—	—	15	11-15	—	—	—
2 days notice	—	—	15⅛-15¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	14¾-15	15⅛-15⅜	—	15¼-15⅜	15	14¼-14½	—	—	—
One month	14⅞-14¾	14⅞-15	14⅞-15⅛	15⅛-15¼	15⅛-15¼	15¼	14¼-14⅞	13⅝-13⅔	14⅞	15-14⅞
Two months	14⅞-14¾	14⅝-14¾	—	15⅜-15	14⅞-15¼	—	15⅛-14¼	13⅞-13⅞	14⅛-14	15-14⅝
Three months	14⅛-14	14⅛-14⅜	14⅝-14⅜	14⅞-14⅛	14⅛-15	—	13⅛-14	13⅞-13⅞	13⅝	15-14⅝
Six months	14⅛-13¾	13⅞-13⅞	14¼-14⅜	14⅛-13⅝	14-14⅜	—	—	—	12⅞-12⅝	15-14⅜
Nine months	13⅛-13⅛	13⅛-13⅝	—	14-13⅝	14⅛	—	—	—	—	—
One year	[illegible]	[illegible]	—	[illegible]	[illegible]	—	—	—	—	—
Two years	—	—	—	[illegible]	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. [illegible] Finance Houses Base Rates (published by the Finance Houses Association) 15 per cent. from December 1, 1976. Clearing Bank Deposit Rates [illegible]

AUTHORISED UNIT TRUSTS

Framlington Unit Mgt. Ltd. (a)

5-7, Ireland Yard, EC4B 5BH. 01-248 6971

Capital Tst.	56.0	57.4	.....	6.27
Income Tst.	49.2	52.3	.....	9.01
Int. Growth Fd.	56.4	59.8	.....	4.00
Do. Accum.	56.4	59.8	.....	4.00

Friend's Provdt. Unit Tr. Mgrs.♥

Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	26.5	28.3	+0.2	6.98
Do. Accum.	32.5	34.7	+0.1	6.98

REGIONAL MARKETS

...selection of the share prices previously shown under regional headings is ...ted below with quotations on London. Irish issues, most of which are not ...lly listed in London, are shown separately and with prices as on the Irish ...ge.

						IRISH		
						Conv. 9% '80/82	£80¾	.....
'Inv. 20p	16	.....	Higsons Brew.	68	.....	Alliance Gas	47	.....
lanning	32	.....	I.O.M. Stm. £1	140	.....	Arnott	185½	.....
	21	.....	Holt (Jos.) 25p	170	.....	Carroll (P.J.)	95	.....
Est. 50p	126	.....	Kleen-e-Ze	37	.....	Clondalkin	28	-4
Croft	23	.....	Lovell's Ship £1	180	.....	Concrete Prods.	41	.....
Rose £1	350	.....	N'thn. Goldsmith	22	.....	Heiton (Hldgs.)	21	.....
R.A.)	15	-2	Pearce (C. H.)	85	.....	Ind. News	37	.....
McHdy	50	.....	Peel Mills	11	.....	Ins. Corp.	148	.....
Fr'k.10p	25	.....	RobbCaledonSh.	46	.....	Irish Distillers	96	.....
	9	.....	Sayers 12½p	15	.....	Irish Ropes	93	.....
rge	49	.....	Sheffield Brick	65	.....	Jacob	48	.....
Pkg. 5p	16	.....	Sheff. Refrshmt.	148	.....	Sunbeam	11	.....
hip. £1	300	.....	Shiloh Spinn.	21	.....	T.M.G.	73	.....
Sleigh 10p	6	.....	Sindall (Wm.)	49	.....	Unidare	46	.....

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

World Wide Growth Management

10a, Boulevard Royal, Luxembourg.

WorldWideGth.Fd.	$US11.68	-0.04	—

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥Net of tax on realised capital gains unless indicated by ϕ. ¶Guernsey yield. #Suspended. ‡Single premium insurance bonds. ♦Yield before Jersey tax.

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ART GALLERIES

...OURNE GALLERIES, 63, Queen's ... N.W.8. 586 3600. LORD ...UEN. Drawings and Watercolours ...95. KORMIS Sculpture £60-£95.

...T GARDEN GALLERY, 20, Russell ... Opera House), W.C.2. 100 Early ... Watercolours for Christmas. £25- ... CLOSING TO-MORROW. Daily ... Thurs. 7 p.m., Sat. 12-12.30.

...13, Old Bond Street. Exhibition ...ant English Watercolours. Daily ...30. Sat. 7.00-1.00.

...N GALLERY. SELECTED XXth ...RY GRAPHICS. December 14-21 ... 20, Cork Street, London, W.1.

...WELL BROWN, 4, Friars Stile Rd., ...ond. 01-948 2776 (on the summit ...hmond Hill, just off the Terrace). ...TMAS EXHIBITION OF DRAW... PRINTS, WATERCOLOURS AND ...INGS. Beautiful gifts for pleasure ...vestment. Open Wednesday to ... (inclusive). 10-6.30 until 24th ...ber.

...E STREET GALLERIES, 158, Sloane ... W.1. Modern paintings, sculpture ...aphics by interesting international ... Wide range of prices. Tues-Fri. ...0, Sat. 10-1.

FINE ART, 24, Davies St., W.1. ... 2630. THE DECK OF CARDS by ...itish Artists inc. Hockney, Jones, ... Tilson, etc. Mon.-Fri. 10-6.

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TRUSTS—Continued

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[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

MINES—Continued

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

85	35	Bo'swana RST R2	40	.....	—	—	—
335	140	Messina R0 50	140xd	.....	Q45c	2.8	23.2

MISCELLANEOUS

10	8	Burma Mines 17½p	9	.....	0.1	ϕ	1.8
35½	15½	Charterhall 5p	19½	−½	—	—	—
990	550	Cons. Murch. 10c.	610	.....	Q140c	ϕ	17.9
440	245	Northgate C$1	360	.....	—	—	—
239	132	R.T.Z.	172	−3	g5.96	2.1	5.3
112	55	Sabina Inds. C$1	63	−1	—	—	—
£15⅞	£10	Tara Expln. $1	£12¼	−¼	—	—	—
45	32½	Tehidy Minerals 10p	38	.....	th1.08	ϕ	4.4
145	84	Yukon Cons. C$1	127	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Sterling denominated securities which include investment dollar premium.
- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- Free of Stamp Duty.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim; reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- Regional price.
- No par value

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations. xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 15

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FINANCIAL TIMES
Wednesday December 22 1976

£4bn. of gilts sold in last three months, Healey says

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT has sold a total of £4bn. of gilt-edged stock net of redemptions in the past three months. Mr. Denis Healey, the Chancellor of the Exchequer, told the Commons yesterday.

Speaking at the start of the one-day debate on last week's economic measures, Mr. Healey stressed his determination to reach agreement on the next stage of the pay policy before the spring budget, and any decision on cuts in income tax. Discussions will begin early next year with the TUC and the CBI.

The Chancellor said that the talks would not be confined to a simple trade-off between reduced taxes and incomes policy, but would cover a wide range of social, economic and industrial policy. "Proposals would have to be considered to maximise employment and to minimise price increases." but he was not specific.

The high total for gilt-edged sales in the last three months, after the low sales in the summer, follows the big jump in interest rates in September and early October.

This has allowed the Government to finance a large part of its borrowing requirement for the current financial year outside the banking system. The impact has been seen in the much slower growth of the money supply in the month to mid-November in the figures published on Monday.

Mr. Healey said there had been "substantial" sales of gilts in the last two days, highlighted by the exhaustion yesterday morning of the official long-dated tap stock. The market estimated that up to £250m. of stock of various kinds might have been sold yesterday.

He offered the prospect of limited falls in interest rates in the immediate future, but the declines should "gather pace" in the latter half of next year.

A central theme of the Chancellor's speech was that if the measures had not been introduced, the resulting fall in confidence and the exchange rate would have led to a large rise in unemployment and would have destroyed the industrial strategy and the social contract.

He said the aim was to reduce the borrowing requirement sufficiently to restore confidence in financial markets, both at home and abroad, without undermining these two main policies.

Mr. Healey also defended the distribution of the overall package and pointed out to MPs worried about unemployment in the construction industry, that smaller cuts in public spending on construction would have meant reductions in social security expenditure.

He gave a warning that if the reduction in the borrowing requirement had been mainly achieved by cutting public sector manpower it would have involved a much larger reduction in public spending overall.

The Chancellor said in order to reduce the PSBR by £1bn. from manpower savings, expenditure would have to be reduced by £2bn. at 1976 survey prices, adding 500,000 to unemployment by the end of next year.

Mr. Healey claimed that existing measures had checked the sharp rise in local authority manpower in the last few years and that the recent rate support grant settlement would mean a reduction of 1 per cent. in council staff in 1977-78.

The general cuts in construction would, he said, be equivalent to 2 per cent. of total national construction output next year and 3 per cent. in 1978.

● The Bank of England yesterday gave another clear signal to the money market, indicating that it would accept another cut in the MLR of ½ per cent. to 14½ per cent.

Parliament, Page 10

OECD working party approves UK's package and clear way for $3.9bn. loan

BY ROBERT MAUTHNER

PARIS, Dec. 21.

SENIOR TREASURY officials from the West's major industrialised nations to-day expressed general approval of the latest economic measures taken by the British Government. This clears the way for the $3.9bn. IMF loan to Britain to be granted.

Dr. Otmar Emminger, the West German chairman of the Organisation of Economic Co-operation and Development's Working Party Three, which devoted most of its meeting here to the British economic situation, indicated that the group would make a recommendation to-morrow to the Group of Ten most highly industrialised countries to provide the necessary funds for the loan.

Chief subscribers

The IMF does not have sufficient funds of its own at present to make as large a loan as $3.9bn. The Group of Ten will therefore be asked to activate the General Arrangement to Borrow, under which its members will provide the fund with a large proportion of the currencies it needs.

The sterling balances problem was only briefly discussed to-day, but it is understood that satisfactory progress was made by the central bankers at their meeting here yesterday.

Final agreements on providing Britain with a standby facility to cushion it against a too rapid run-down of the balances could be reached by the bankers at their next meeting in Basle, on January 10.

Though the contributions of individual member States still remain to be fixed, it is understood that the total sum to be made available by the Group of Ten will be about $3bn, and that the chief, if not the only, subscribers will be the U.S., West Germany and Japan.

The Americans are expected to provide more than $1bn., the Germans about $1bn. and the Japanese about $735m. This would leave about $900m. to be found by the IMF itself.

Dr. Emminger agreed that the British delegation at the Working Party Three meeting, led by Sir Derek Mitchell, Second Secretary at the Treasury responsible for Overseas Finance, was submitted to some tough questioning by its partners.

The final consensus was that the measures announced by Mr Denis Healey, Chancellor of the Exchequer, in the Commons last week were taking Britain in the right direction.

It was generally accepted, Dr. Emminger said, that the stringent measures taken by the British Government would result in major structural changes in the British economy within the next two or three years, and to much greater economic stability.

The main elements of Britain's new economic policy — an extension of the social contract, the reduction of the public sector borrowing requirement and the setting of clear monetary targets — represented a major change of direction.

The officials were persuaded that the reduction in the public sector borrowing requirement from 9 per cent. to 6 per cent. of gross national product in the period 1977-78 represented a significant step forward, since "everybody knew" that 9 per cent. was not sustainable.

The members of the group were in no doubt that, within one and a-half to two years there would be a very big shift in the current payments situation of the U.K. into surplus.

U.K. deficit

According to the latest OECD forecasts, the U.K.'s current deficit will be reduced to about $1.5bn. next year from more than $3bn. in 1976.

On the prospects for the OECD area as a whole, the official agreed that member countries' trade was likely to increase by at least 6 to 7 per cent. next year in real terms — significantly lower than this year's 11 to 12 per cent.

The overall payments deficit of the area was likely to fall to about $17bn. next year, compared with a shortfall of $22bn. in 1976.

Carter Defence Secretary 'soft towards Russia'

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Dec. 21.

MR. JIMMY CARTER to-day picked Dr. Harold Brown, head of the California Institute of Technology, as his new Secretary of Defence in spite of vigorous lobbying from conservative Democrats that Dr. Brown maintained too soft an attitude towards the Soviet Union.

The president-elect also moved to satisfy complaints by women and blacks that his appointments do not reflect their concerns.

He named Mrs. Patricia Roberts Harris, a black lawyer, as his Secretary of Housing and Urban Development and chose Dr. Ray Marshall from the University of Texas as Labour Secretary in preference to Dr. John Dunlop, who resigned from the post under President Ford earlier this year, and whose prospective appointment had been opposed by black and women's groups.

The opposition to Dr. Brown, aged 49, had been led by Mr. George Meany, the veteran labour leader, and Senator Henry Jackson, the hardline foreign policy specialist. They had claimed that Dr. Brown was a Vietnam hawk now turned dove and advanced instead the claims of Dr. James Schlesinger, who was fired by President Ford last year from the Pentagon.

Moderate and Liberal Democrats were almost apoplectic at the prospect of a return by Dr. Schlesinger and this opposition clearly weighed heavily on Mr. Carter's mind.

The President-elect respects Dr. Schlesinger's intellectual abilities and has conferred with him often before and after the election and may yet find a Government role for him.

This may be as new energy overlord in any reorganisation of the Federal Energy Agencies. But this, too, is a prospect that appalls some, as Dr. Schlesinger is a noted advocate of greater use of nuclear power, whereas most of Mr. Carter's supporters —and, to a guarded degree, the President-elect himself — have considerable reservations on this issue.

Dr. Brown was one of Mr. Robert McNamara's proteges at the Pentagon between 1961 and 1965, when he was appointed Secretary of the Air Force by President Johnson. He is an expert on nuclear weapons and a U.S. delegate to the first SALT talks with the Soviet Union between 1969 and 1972. He is, at present, head of the California Institute of Technology.

Mr. Carter also took the unusual step of announcing that Mr. Charles Duncan would be the new Deputy Secretary of Defence. Mr. Duncan, a Houston businessman, is a former president of Coca-Cola (which is based in Atlanta), thus giving rise to speculation that he has been installed by Mr. Carter, an old associate, to keep an eye on things at the Pentagon.

Healey agrees to talks on self-employed

MR. DENIS HEALEY, Chancellor of the Exchequer, is to meet representatives of the inter-professional committee of lawyers, accountants and actuaries to discuss their representations on the impact of national insurance contributions on the self-employed.

Miners to reopen talks with NCB

By Roy Rogers,
Labour Correspondent

TALKS ON the miners' demands for early retirement are to be reopened with the National Coal Board on January 5 at the request of the National Union of Mineworkers.

The union's national executive yesterday considered the 78 per cent. majority they attracted for their stand on rejecting the NCB's offer and decided by 21 votes to four to seek early talks with the Board.

But there was no talk of setting a date for industrial action, a mandate for which was given to the executive in the ballot.

"The executive will resume negotiations in the knowledge that the ballot vote is behind them and in the spirit of negotiations," said Mr. Joe Gormley, the NUM president.

Mr. Joe Gormley
Hope of acceptance

"We hope at the January 5 meeting the long-promised improved offer will be sufficient to warrant acceptance."

The full union executive will be standing-by at that meeting, which is expected to resolve the situation one way or the other —a settlement or a call for industrial action.

In reply to the miners' demand for retirement at 60 from January 1, the NCB has offered a staged introduction of retirement at 62 for underground miners with 25 years' service.

Sir Derek Ezra, the Coal Board chairman, has already intimated that an improved offer will be made—possibly involving a further lowering of the retirement age and some reduction in the service requirement.

Miners' leaders realise, however, that they cannot win their full claim, retirement at 60 from January, reducing to 55 by 1980 without loss of earnings.

The present pay policy precludes any implementation of early retirement before next August. The Government is anxious to ensure that the pay policy remains intact and that a miners' settlement does not spark off similar demands in other industries.

Some steel industry workers have already lodged similar claims and yesterday Mr. Frank Chapple, general secretary of the Electrical and Plumbing Trades Union, warned that his members in electricity supply would demand any concessions made to surface miners.

THE LEX COLUMN

Tracking down th[e] overseas buyers

The whisper of overseas buying can lend a touch of excitement to a sharp market upturn, and has certainly been evident during recent weeks. There is some substance behind the stories. With one or two exceptions, notably BP, foreign investors have been steering well clear of the U.K. for some time past (they were net sellers of U.K. company securities during 1975). But a number of leading brokers have seen a noticeable upswing in overseas interest in the past few weeks.

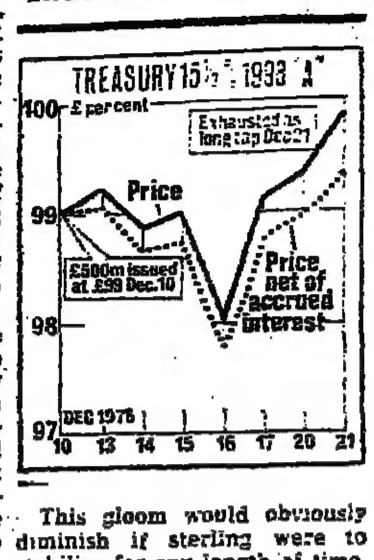
Mostly emanating from the U.S., the buying seems to have been concentrated on a very few blue chip securities. An order for 250,000 ICI was received by one big broker, and another reckons to have dealt in even more than that in aggregate for U.S. clients over the last fortnight. There has also been some buying of gilts, sometimes from sources which have not ventured into this market before.

However, it seems fair to suggest that rumour has multiplied by several times the actual amount of business transacted. And it is very hard to find any enthusiasm about the London market among managers of major overseas funds.

The big Wall Street houses generally seem to be indifferent, and groups like Fidelity and Dreyfus have not been increasing their exposure. Some have been taking a punt on sterling through the gilts market, but there are still deep political reservations about the U.K. and there is no shortage of interest on the home front.

In Rotterdam, the giant Robeco fund (net assets of Fls.4½bn.) has been progressively reducing its U.K. stake over the past two years, and says that it is still taking a pessimistic stance. It sees no fundamental reason for a sustained upturn either in sterling or in share prices. A phone round some of the big Paris offices produces similar expressions of doubt, and in Germany, too, the performance of sterling is seen as a major barrier against investing in London. Few of the big funds seem to have any U.K. shares at all. And although the Adig group is toying with the idea of an investment in bonds—where there is a 7 per cent. interest differential between the U.K. and Germany—this would only be a very short-term move, if it materialises at all.

Index rose 0.3 to 337.8



This gloom would obviously diminish if sterling were to stabilise for any length of time. And in those circumstances overseas investors could become a major influence on the market: their holdings of U.K. companies' sterling securities were estimated to be worth £2.4bn. at the end of 1975. But for the moment the view of the Deutsche Investment Trust seems to be widely shared: "We would rather be late and safe than fast and sorry."

Gilt-edged

Just about everybody is now riding on the falling interest rate bandwagon, leaving the discount market horribly squeezed (although there are signs that the Bank of England has been giving some unusual assistance). Yesterday another £250m. or so went into gilt-edged, mostly into the long-tap Treasury 15½ per cent., 1998, "A" which ran out, but some into the short tap also.

Minimum Lending Rate will fall on Christmas Eve (as it did last year) but the Bank was again frantically signalling to the money market yesterday that the drop should be only a quarter-point rather than the half-point being indicated by the market rate for Treasury bills. In three months, according to the Chancellor yesterday, the Government has sold more than £4bn. net of gilts. At some stage the authorities will have to stop sitting on the market and let interest rates fall decisively: that, at least, is the calculation being made by the gilt-edged buyers as they study the close parallels between to-day's events and those of 12 months ago.

Tap policy until now [...] highly restrictive. The [...] became exhausted only [...] the issue price of 1[...] days (orders actually had [...] scaled down) and at th[...] the price net of accrued [...] was even a little low[...] when the stock was [...] offered. The heat may [...] off temporarily, since [...] tutions must have [...] most of their buying [...] the New Year. But ind[...] January the authoritie[s] [...] ing the opposite dilemma [...] which they were co[...] with in September: th[...] would not accept that [...] rates had to rise now [...] trying to avoid a sudd[...] fall.

Granada

Granada is £3.9m. [...] £18.1m. pre-tax with [...] accelerating noticeably [...] second-half of the 53 w[...] October: the explanat[...] largely with an upsurg[e] [...] rental in the U.K. Th[...] week has been worth [...] £0.2m. to this division, a[...] reorganisation costs o[...] the Spectra acquisition [...] made a positive contrib[...] of financing charges. [...] also lifted the group's [...] set density per branc[h] [...] April onwards — by a[...] third, raising the colo[ur] [...] in the process — and th[...] favourable operating [...] ground has clearly ha[d] [...] impact on rental margin[s].

TV contracting profits [...] flattish second half, with [...] of 16 per cent. pre-tax [...] ing with a rise of a th[...] national TV adve[rtising] revenues over the secon[d] [...] third quarters of 1976. [...] overseas rental made [...] against nil last time, an[d] [...] of Granada's other bi[...] pieces are comfortably [...] placed: the exception is [...] and tapes, which are [...] money.

At this stage the pros[...] for further earnings gro[...] 1976-77, and at 59p the [...] 5.9 could shed a point thi[...] The shares have risen [...] cent. over the past two m[...] but the forthcoming b[...] sheet with its dramatic [...] financial gearing, cum [...] could prove something [...] hurdle for the [...] Apparently borrowings [...] year-end represent som[...] like 85 per cent. of t[...] shareholders' funds.

Weather

U.K. TO-DAY

Dull and wet with sleet or snow in places.

S.E., E., N.W. and Cent. N. England, E. Anglia, E. Midlands, Isle of Man, N. Ireland

Dry, frost and fog at first. Rain and sleet later. Wind S.E. Max. 6C (43F).

Cent. S. and S.W. England, W. Midlands, Channel Islands, Wales

Cloudy with rain. Brighter later. Wind S. or S.E., moderate. Max. 7C (45F).

Lake District, N.E. England, Borders, S.W. and N.E. Scotland, Cent. Highlands, Moray Firth

Dull and wet. Snow on high ground. Wind E. Max temp. 5C (41F).

Argyll, N.W. Scotland, Orkney, Shetland

Cloudy, but dry. Wind E. Max. temp. 6C (43F).

Lighting-up: London 16.23. Manchester 16.21. Glasgow 16.15. Belfast 16.29.

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Alexandria	F	19	66	London	C	6	43
Amstrdm.	C	5	41	Luxmbg.	Fg	−1	30
Athens	C	12	54	Madrid	S	12	54
Barcelona	R	11	52	Manchstr.	Fg	1	34
Belfast	R	1	34	Melbourne	C	30	86
Belgrade	S	7	45	Milan	C	8	46
Berlin	C	1	34	Moscow	Fg	−1	30
Birmnghm.	C	2	36	Munich	S	−4	25
Bristol	C	3	37	Newcstle.	Dr	7	45
Brussels	C	6	43	Oslo	F	−4	25
Budapest	C	2	36	Paris	C	8	46
Cardiff	F	5	41	Prague	Dr	1	34
Cologne	R	3	37	Reykjavik	S	[illegible]	27
Copnhgn.	Fg	2	36	Rome	F	13	55
Dublin	C	1	34	Stockholm	C	−3	27
Edinburgh	R	6	43	Strasbrg.	C	0	32
Frankfurt	C	0	32	Sydney	[illegible]	33	91
Geneva	C	1	34	Tel Aviv	F	13	55
Glasgow	R	5	41	Vienna	S	4	39
Helsinki	C	−1	30	Warsaw	Fg	0	32
Lisbon	F	13	55	Zurich	C	−2	28

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	C	16	61	Jersey	C	8	46
Algiers	C	13	55	Las Plms	F	19	66
Biarritz	C	10	50	Locarno	F	7	45
Blackpl.	Dr	3	37	Majorca	S	13	55
Bordeaux	C	8	46	Malaga	S	12	54
Boulogne	C	7	45	Malta	F	17	63
Corfu	C	15	59	Naples	F	15	59
Dubrovnik	C	14	57	Nice	F	15	59
Faro	S	14	57	Nicosia	F	19	66
Florence	C	10	50	Oporto	F	9	48
Funchal	S	17	63	Rhodes	S	15	59
Gibraltar	S	13	55	Salzburg	Fg	−4	25
Guernsey	F	7	45	Tenerife	F	13	55
Innsbruck	S	4	39	Tunis	C	16	61
Inverness	R	2	36	Valencia	R	10	50
Is. of Man	R	5	41	Venice	F	11	52
Istanbul	C	8	46				

R—Rain. C—Cloudy. F—Fair. S—Sunny. Dr—Drizzle Fg—Fog. Hz—Haze.

Snow reports, Page 3

EEC accord near on oil embargo contingency plan

BY ROBIN REEVES

BRUSSELS, Dec. 21.

ENERGY MINISTERS of the EEC appeared to be bringing two years of haggling to an end to-day by agreeing on the EEC mechanisms for coping with a repeat performance of the 1973 Arab oil embargo.

The crisis management scheme, essentially, provides an EEC framework for the oil supply and conservation arrangements adopted by members of the International Energy Agency. France is not a member of the Agency.

A crisis will be declared when there is an oil supply deficit of 7 per cent. or more. Given the declaration of a crisis, EEC member-States will be authorised to suspend export licences for all petroleum products for 10 days.

The Common Market Council of Ministers will then be required to meet within 48 hours to decide on energy-saving measures and control of movement of oil.

The second phase of the programme envisages a 10 per cent. cut in oil consumption. This was the subject of objections from Italy, which felt she would suffer unfairly, given her high dependence on oil as an energy source.

The Commission drew up a memorandum committing the Community to ensuring that Italy suffered no more than her fair share of misery in any oil crisis.

Earlier Mr. Anthony Wedgwood Benn, the Energy Secretary, told the Council that the Government still looked to the Council to implement last year's Rome EEC Summit pledge to introduce a minimum support price for oil.

Mr. Benn emphasised that if the Community was serious about stimulating energy investment, particularly from marginal sources, and reducing its dependence on imported energy supplies, then it should endorse the minimum support price of $7 a barrel proposed by the Brussels Commission.

The French showed no sign of shifting from their view that the Rome Agreement did not represent a commitment to the minimum support price.

In return Mr. Benn made it plain that he was not prepared to give U.K. blessing to a Commission scheme which would give the Community a facility to raise international loans to build nuclear power stations.

Egypt, Syria agree on merger moves

BY MICHAEL TINGAY

CAIRO, Dec. 21.

EGYPT AND SYRIA have agreed to establish a unified political command, with the stated intention of merging the two countries.

The move consolidates reconciliation of the two countries after nearly three years of bitter recrimination and takes substantially further forward the Arab drive toward achieving a Middle East peace settlement next year.

The announcement of steps towards union was made by Mr. Ismail Fahmy, Egyptian Foreign Minister, at a Press conference here after the departure of President Assad of Syria, who completed four days of talks with President Sadat of Egypt.

The two Presidents issued a joint communiqué which said that they had discussed "the means to consolidate the march toward unity."

At Riyadh Mr. Sadat agreed to allow Syria a relatively free band in Lebanon in return for cessation of attacks on Egypt's Sinai disengagement agreement with Israel.

After the disastrous failure of the two previous attempts to achieve a permanent union of the two countries, the move should be seen principally as a reaffirmation of the reconciliation of Mr. Assad with Mr. Sadat which was set in train at the Riyadh summit in October, and later confirmed at the Cairo summit.

In to-day's communiqué the leaders called for swift resumption of the Geneva peace conference.

On the crucial question of representation at Geneva they said the Palestinians should be represented by the Palestine Liberation Organisation as an independent party on an equal footing with all other parties there. This appears to exclude the possibility of the PLO acting within a single Arab delegation suggesting that the two leaders may have disagreed on the issue.

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